



## **PRESS STATEMENT**

### **DELIBERATIONS AND RESOLUTIONS OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 2 OCTOBER 2020**

The Monetary Policy Committee (MPC) of the Reserve Bank of Zimbabwe (the Bank) met on 2 October 2020 and deliberated on macroeconomic developments and monetary policy interventions to consolidate and sustain the price and financial system stability obtaining in the economy. The MPC expects price stability to continue prevailing in the economy during the last quarter of this year mainly on account of the improved operating business environment brought about by the foreign exchange auction system.

The foreign exchange auction system which started on 23 June 2020 has ushered in a more predictable foreign exchange market that is conducive for sustainable economic development. With sixteen auctions having been conducted to date and a total amount of US\$291 million having been allotted, the MPC is pleased that the foreign exchange auction has also managed to improve the much needed availability of foreign exchange.

Against the above context, the MPC resolved to put the following measures to buttress price and financial system stability in order to foster the country's economic recovery process: -

- (a) Maintaining a *status quo* on both the policy rate for overnight accommodation at 35% and the medium-term lending rate for the productive-sector lending at 25%. This decision on interest rates takes into account of the current tight liquidity conditions in the market and the need to continue controlling speculative borrowing.

- (b) Approving additional funding for an amount of ZW\$2.5 billion under the Bank's medium-term lending facility to support the productive sectors and promote economic recovery. The funds will be accessed by final beneficiaries through normal banking channels under an arrangement that is consistent with the conservative monetary targeting framework being pursued by the Bank. Accordingly, banks are encouraged to ensure that repayments by their customers from the existing financing facilities are used to augment the Bank's medium-term financing window.
- (c) Maintaining the limit of ZW\$5 000 per transaction for mobile money transactions and adopting a weekly limit of ZW\$35 000. These limits will be reviewed continuously in line with the requirements and convenience of the transacting public. All financial transactions shall continue to be closely monitored by the Bank especially leveraging on the successful implementation of interoperability of mobile money platforms with effect from 30 September 2020, which entails that the transacting public can now easily move funds within the banking system and across the four mobile banking platforms, that is, One Money, My-cash, Telecash and Ecocash, through one common national switch.



**John P Mangudya**

**Governor**

**12 October 2020**