



RETURN OF THE ZIM DOLLAR: “TRANSITION TO NORMALCY”

By

DR J. T. CHIPIKA

Deputy Governor, Reserve Bank of Zimbabwe

Monomotapa Hotel, Harare

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RE-BALANCING THE ECONOMY

The country is implementing a number of **policy reforms to re-balance the economy:**

- **Strengthening fiscal sustainability;**
- **Addressing inflationary pressures;**
- **Promoting a flexible exchange system / ER liberalization;**
- **Laying the foundation for sustainable private sector-led economic transformation;**

Highly productive, Dynamic, Broad-based and Inclusive Upper – Middle Income economy by 2030.



GRADUAL MONETARY REFORMS, 2018-2019

“Transition to Normalcy”!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

- **October 2018** - Separation of FCA & RTGS accounts - set the tone for currency reforms.
- **SI 33/2019 of 22 February 2019** - Liberalisation of the Exchange Rate through establishment of an inter-bank foreign exchange market.
- Licencing of **Bureau de Changes**.
- **SI 142/2019 of 24 June 2019** - Removal of the multi - currency system and re-introduction of the local currency / ZWL.

BENEFITS OF USING THE ZIM DOLLAR



- **Halting of costly re-dollarization of the economy** (March – May 2019 instability).
- Improved monetary policy effectiveness.
- **Improved export competitiveness.**
- Reduced trading of foreign currency on the parallel market.
- **Stronger demand for local currency.**



CHALLENGES EXPERIENCED IN RETURNING TO NORMALCY!

- **Structural vs Symptomatic challenges:** Low production & productivity owing to structural rigidities brought by **limited access to external financing.**
- **Confidence Deficit** in the whole environment.
- **Foreign Currency Shortages:** as attested by **reduced scope to finance importation of critical commodities such as electricity and fuel;**
- **Cash Shortages:** RBZ to do **gradually inject** of cash in exchange for RTGS balances to avoid fuelling inflation.
- **Exchange Rate Instability:** as reflected in **continued though narrow premium between official and parallel exchange rates.**
- **Rising Inflation & Speculation:** due to **exchange rate price indexing and adverse inflation expectations. (De-dollarizing people's minds takes a long time!!!!)**



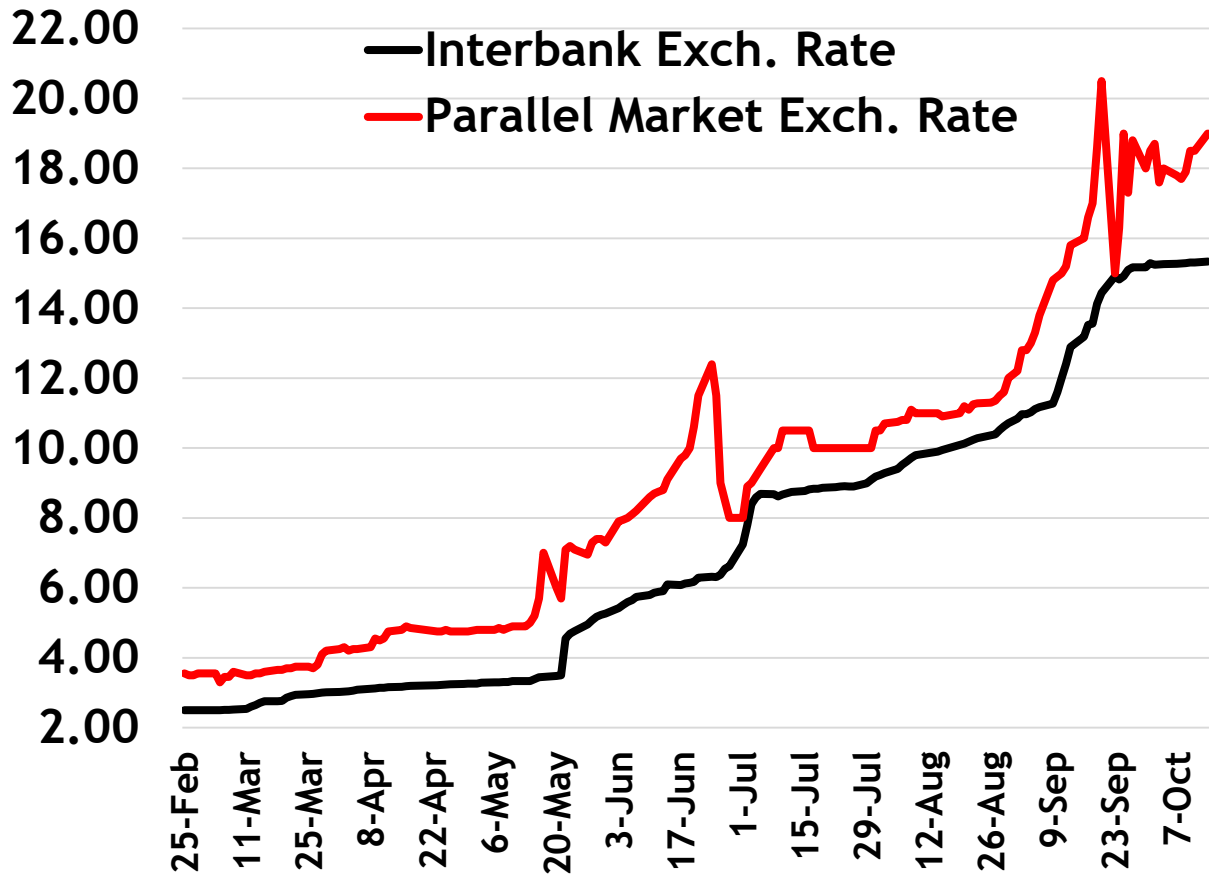
GLOBAL FOREIGN EXCHANGE RECEIPTS AS AT 30 JUNE 2019 (US\$m)

Source of Receipt	30 June 2019	30 June 2018	% Change
Mining	1,240.0	1,542.2	-19.6%
Manufacturing	80.5	70.7	13.9%
Agriculture (including Horticulture & Tobacco)	318.2	353.0	-9.9%
Tourism	62.0	89.2	-30.5%
Transport	89.2	119.8	-25.5%
Telecommunications	6.5	2.1	209.5%
General Services	20.0	30.1	-33.6%
Income Receipts	39.0	18.8	107.4%
External Loan Disbursements	207.4	574.5	-63.9%
Foreign Investment	14.4	14.6	-1.4%
International Money Transfers	504.7	581.3	-13.2%
Total foreign Currency Receipts	2,581.9	3,396.3	-24.0%

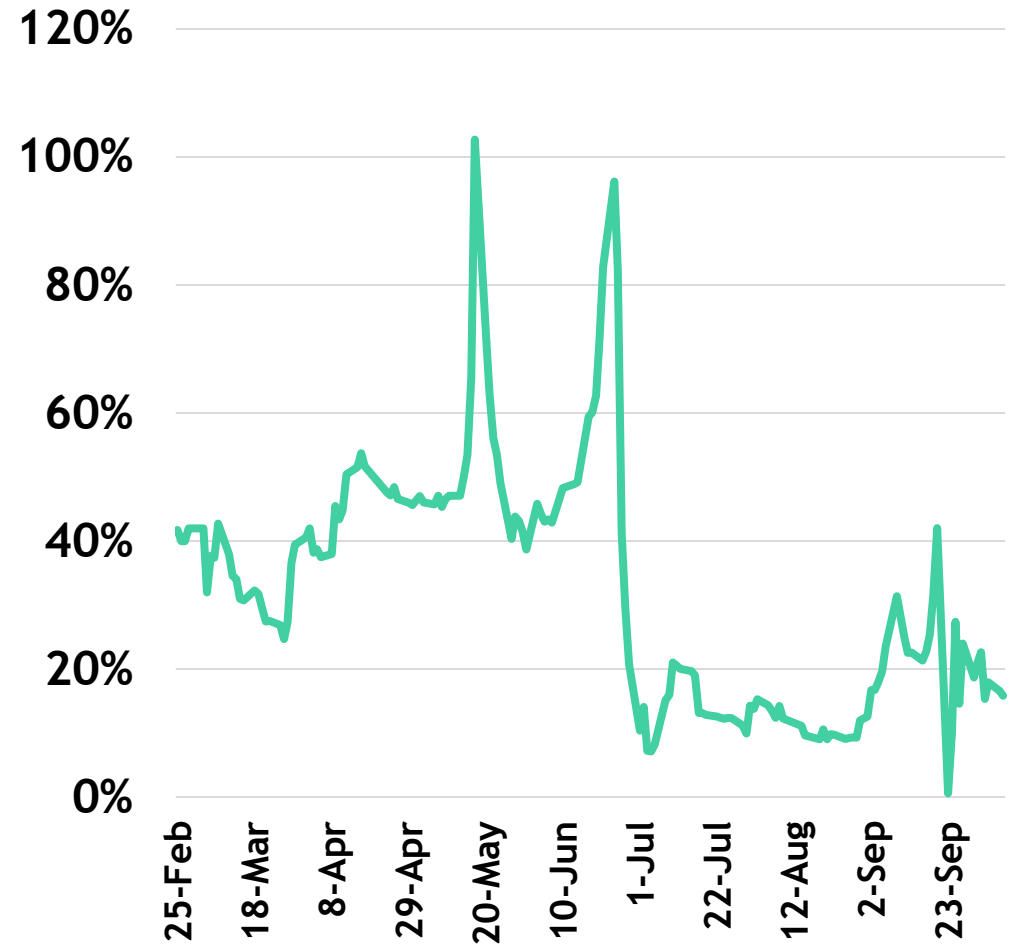


EXCHANGE RATE DEVELOPMENTS

Interbank & Parallel Market Exchange Rates (ZWL/US\$)

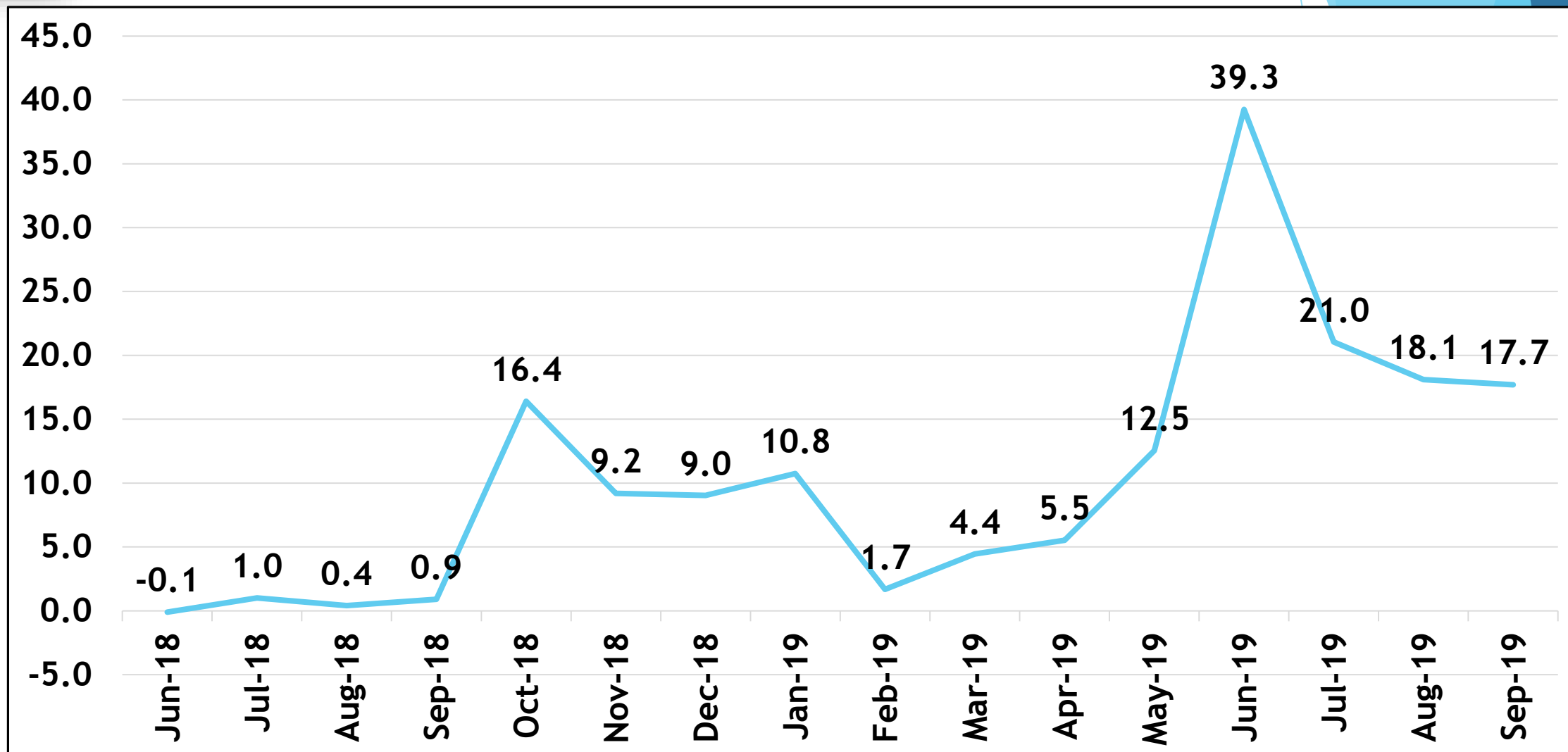


Parallel Market Exchange Rate Premium (%)





INFLATION DEVELOPMENTS (Month-on-Month (%))





FINANCIAL SECTOR DEVELOPMENTS: BANKING SECTOR ARCHITECTURE

Type of Institution	Number
Commercial Banks	13
Building Societies	5
Savings Bank	1
Total Banking Institutions	19
Other Institutions under RBZ Supervision	
Development Financial Institutions	2
Deposit-taking Microfinance Institutions	6
Credit-only Microfinance Institutions	204
Total	231

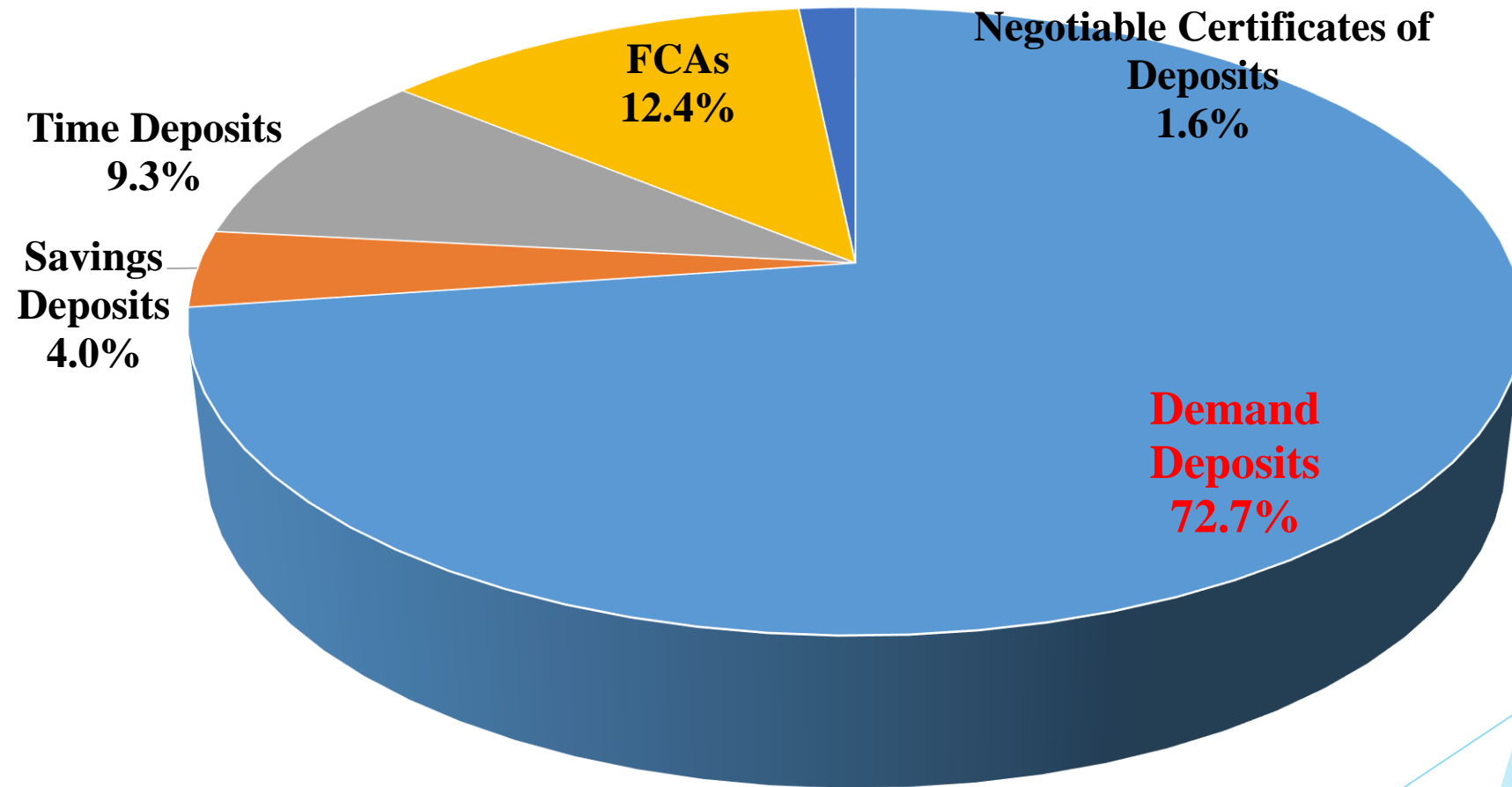


FINANCIAL SOUNDNESS INDICATORS

Key Indicators	Benchmark	June-18	June-19
Total Assets	-	\$12.4bn	\$23.5bn
Total Loans & Advances	-	\$4.1bn	\$6.2bn
Net Capital Base	-	\$1.61bn	\$3.3bn
Total Deposits	-	\$9.5bn	\$16.9bn
Net Profit	-	\$176.1m	\$929.9m
Return on Assets	-	1.8%	5.1%
Return on Equity	-	11.2%	20.9%
Capital Adequacy Ratio	12%	26.3%	32.6%
Tier 1 Ratio	8%	24.2%	27.2%
Loans to Deposits	70%	43.5%	36.5%
Non-Performing Loans Ratio	5%	6.2%	3.9%
Liquidity Ratio	30%	68.5%	64.8%

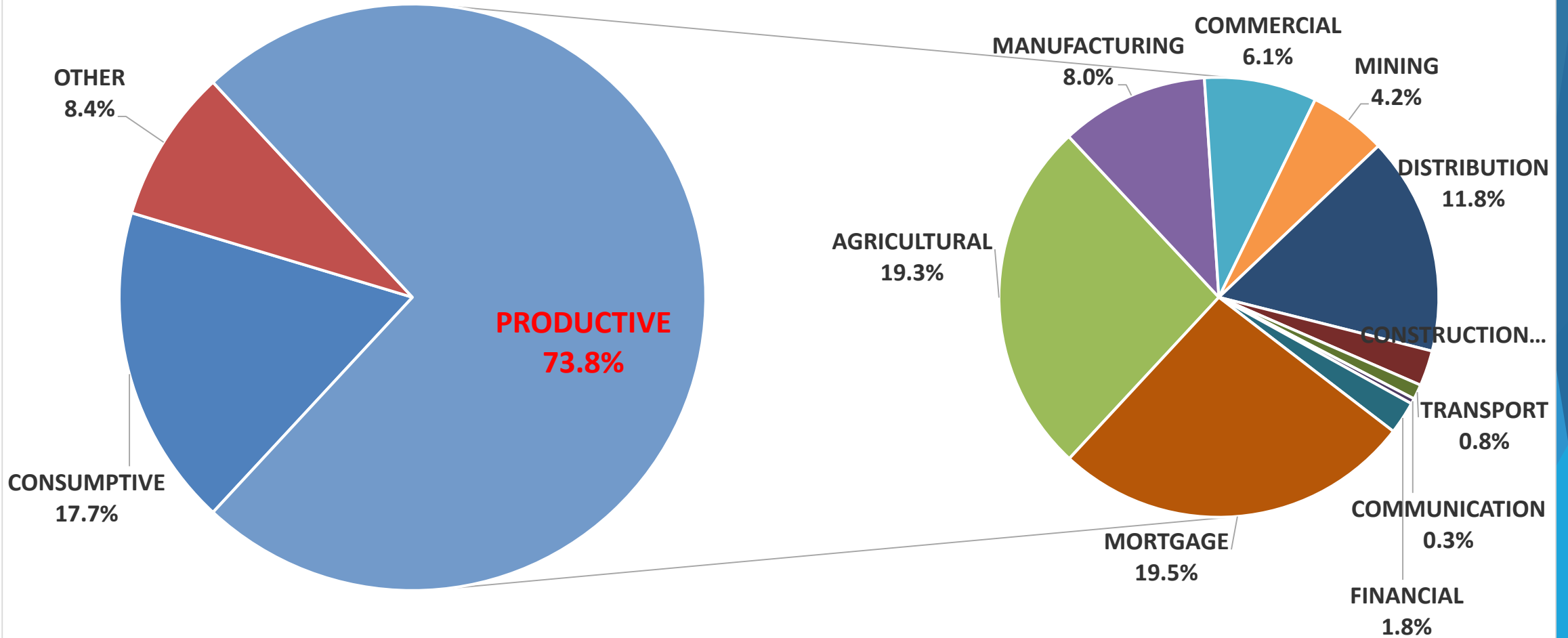


COMPOSITION OF DEPOSITS AS AT 30 JUNE 2019



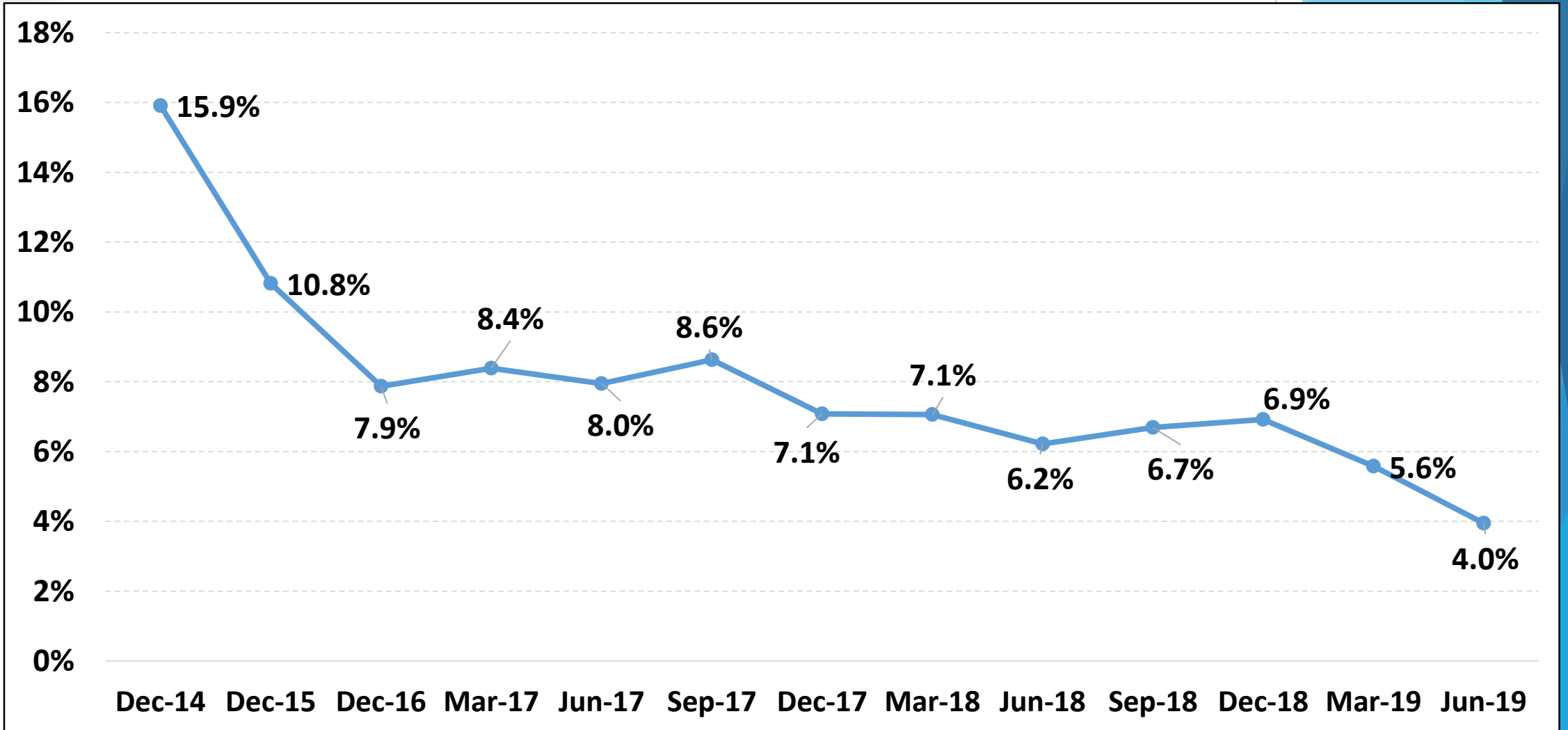


SECTORAL DISTRIBUTION OF LOANS AS AT 30 JUNE 2019



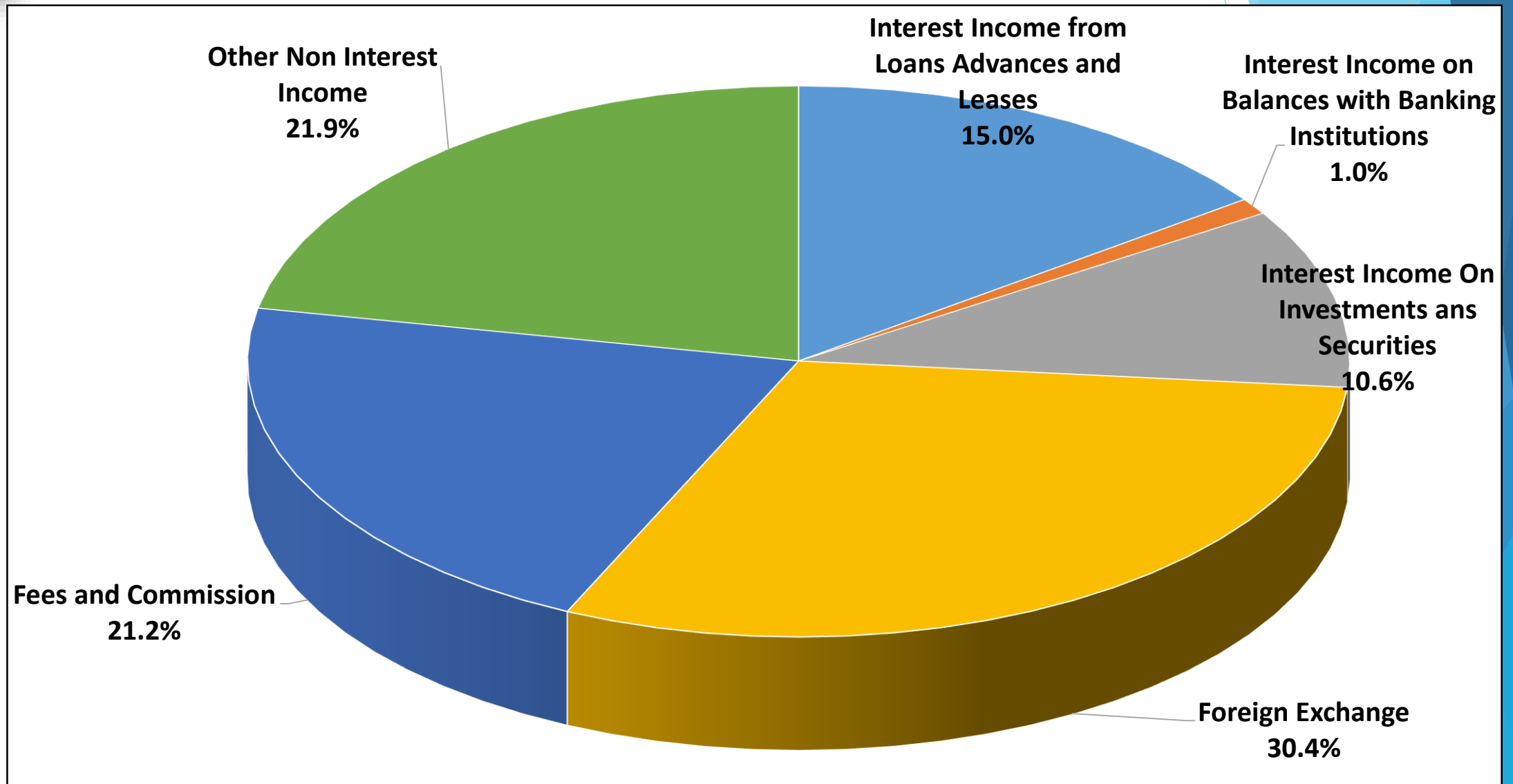


NON-PERFORMING LOANS TO TOTAL LOANS RATIO



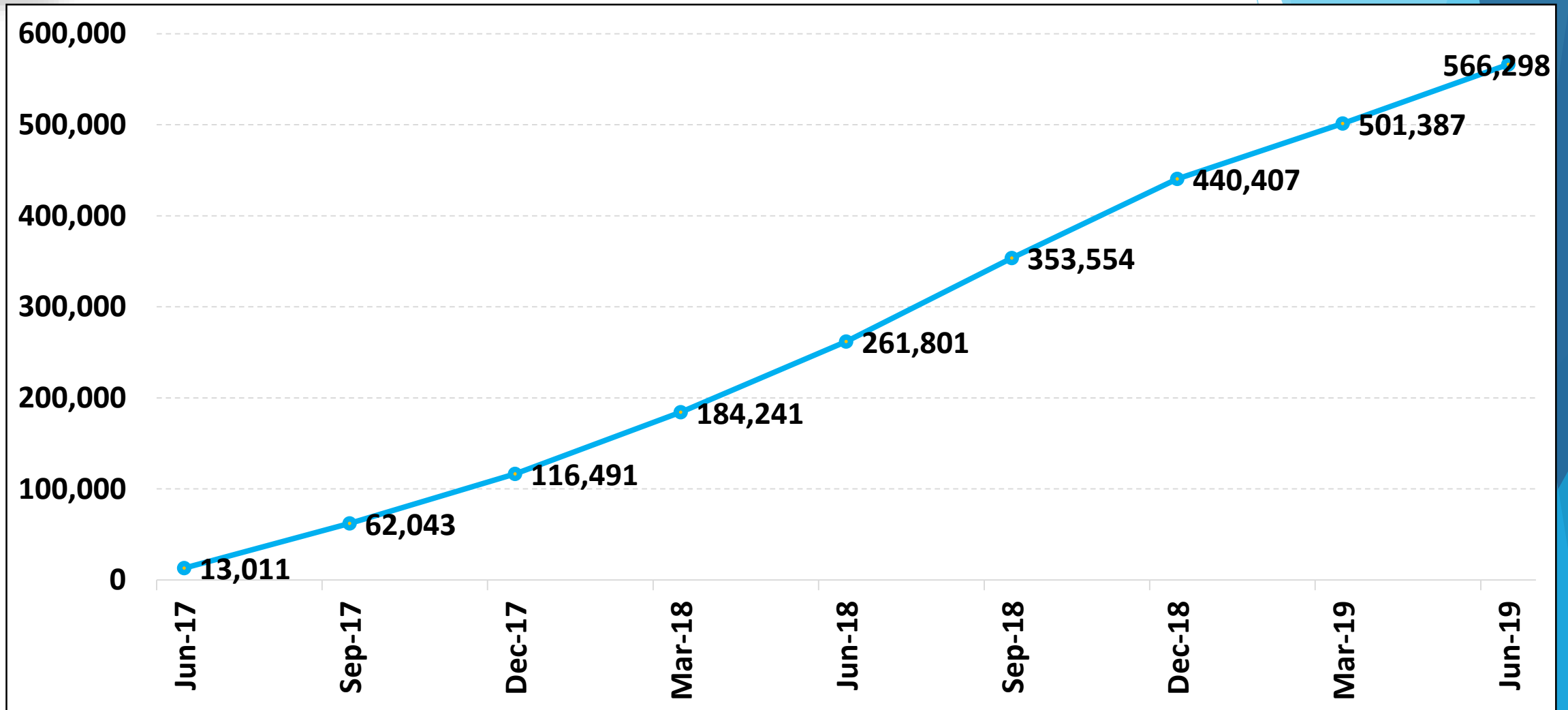


BANKS' INCOME MIX AS AT 30 JUNE 2019





CUMULATIVE CREDIT REGISTRY INQUIRIES: JUNE 2017 – JUNE 2019



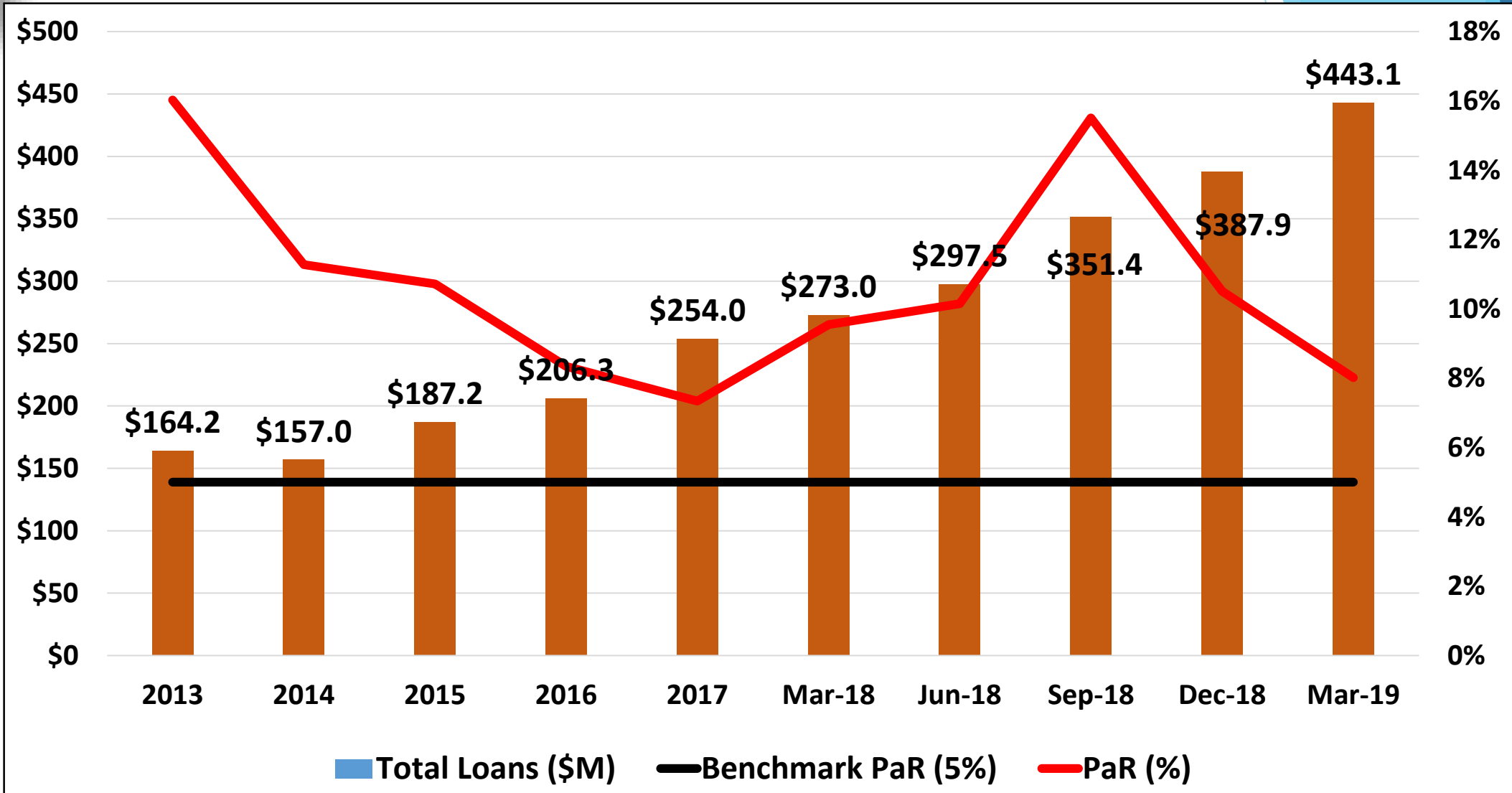


MICROFINANCE SECTOR PERFORMANCE: KEY PERFORMANCE INDICATORS

Indicator	March 2018	March 2019
Number of Licensed Institutions	190	210
Total Loans (\$m)	273.0	443.1
Total Assets (\$m)	360.5	533.1
Total Equity (\$m)	142.9	200.4
Net Profit (\$m)	9.1	4.98
Average Operational Self-Sufficiency (OSS)	142.9%	142.3%
Total Deposits (DTMFIs) (\$m)	11.8	25.7
Number of Savings Accounts (DTMFIs)	8,668	73,258
Portfolio at Risk* (PaR>30 days)	9.6%	8.0%
Number of Active Loan Clients	282,024	402,295
Number of Female Borrowers	107,226	160,074
Number of Outstanding Loans	296,544	440,032
Number of Branches	676	807



MICROFINANCE SECTOR PERFORMANCE: TOTAL LOANS & PaR RATIO





NATIONAL FINANCIAL INCLUSION INDICATORS: March 2018 - March 2019

Indicator	March 2018	March 2019
Value of loans to MSMEs	\$123.1m	\$142.4m
% of loans to MSMEs over total loans	3.2%	3.3%
Number of MSMEs with bank accounts	57,512	99,489
Number of Women with Bank Accounts	99,489	1,814,875
Value of Loans to Women	\$316.3m	\$428.8m
Number of Loans to Youth	59,308	176,487
Value of Loans to Youth	\$111.7m	\$282.2m
Total number of Bank Accounts	5.5m	6.3m
Number of Low Cost Accounts	3.2m	4.3m



DIGITAL FINANCIAL INCLUSION - NATIONAL PAYMENT SYSTEM JANUARY-JUNE 2019

PAYMENT STREAMS	TOTAL FOR JAN-JUNE 2019	PROPORTION OF TOTAL
VALUES (ZWL billion)		
RTGS	50.11	57.7%
CHEQUE	0.02	0.0%
POS	7.01	8.1%
ATMS	0.08	0.1%
MOBILE	22.93	26.4%
INTERNET	6.73	7.8%
TOTAL VALUE	86.88	100.0%
VOLUMES (billion)		
RTGS	0.00	0.3%
CHEQUE	0.00	0.0%
POS	0.15	14.1%
ATMs	0.00	0.1%
MOBILE	0.89	85.3%
INTERNET	0.00	0.2%
TOTAL VOLUME	1.04	100.0%



CONCLUSION & WAY FORWARD

Going forward, the Bank's monetary policy stance will be premised on the following imperatives:

- Confidence building to minimise adverse inflation expectations;
- Credit enhancing policies to support domestic production and productivity, necessary to guarantee stability of the local currency;
- Savings mobilisation to support domestic production;
- Macro-prudential policies to safeguard the health of the financial sector and general macroeconomic performance; and
- Responses to technological innovations, climate change and broader sustainability issues to enhance survival under the 4th IR.



Thank
You