

Monthly Financial Sector Bulletin

Issue No. 76, December 2019



COVER PICTURE: Ecobank Zimbabwe Limited was named Best Bank in Zimbabwe for 2019 at the EMEA Finance African Banking Awards ceremony held in London on Thursday, 5 December 2019. The judging panel were particularly impressed by Ecobank's trade facilitation prowess, digital empowerment of its customers, together with its ability to leverage on the back of a very difficult operating environment. Ecobank said the award demonstrated the bank's strong commitment towards contributing to the economic development of Zimbabwe. "Shortly after receiving the award, the Managing Director, Moses Kurenjekwa said, "We are greatly honoured and humbled to be recognised by EMEA Finance as the best Bank in Zimbabwe. This accolade is great testament to our customers' loyalty and support and also the hard work of all my colleagues in the bank. Our strong focus in offering unique trade finance solutions and innovative digital products and services are successfully driving financial inclusion and integration in Zimbabwe." Picture Credit: The Financial Gazette

SoundGarden
Publishing



info@soundgarden.co.zw



+263 4 2913145



+263 776 450 509

The MFSB is a monthly roundup of key Zimbabwean financial sector developments produced by SoundGarden Publishing, a provider of proprietary data, business intelligence and analytical content supporting decision-making in financial markets.

SINCE SEPTEMBER 2013: For six solid years, the Monthly Financial Sector Bulletin (MFSB) has been consistently providing reliable aggregated financial sector information enabling industry professionals and other stakeholders to make data-driven decisions!

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SELECTED VITAL STATISTICS AT A GLANCE

General Statistics

Year-on-year Inflation for June 2019	175.66 % (May 2019: 97.85%)
Month-on-Month Inflation November 2019	17.50% (October - 38.75%)
Projected Average Inflation for 2019	22.4%
Projected 2019 Gross Domestic Product (GDP) Growth	3.1% (AfDB – 4.2%; World Bank – 3.7%)
Original Budget for 2019	\$8.16 billion (\$10.85 billion)
2018 Manufacturing Sector Capacity Utilisation	48.2% (2017 – 45.1%) (2016 - 47.4 % (2015 - 34.3%)
Projected Trade Deficit for 2018	US\$1.6bn (Exports – \$4.9bn; Imports – \$6.3 bn)
Zimbabwe's Foreign Direct Investment (FDI) – 2018	US\$745m (US\$349m - 2017) (US\$319m – 2016) (US\$421m-2015)

Statutory Ratios

Formula	Ratio
Minimum Capital Adequacy Ratio: (Total Qualifying Capital/Total Risk Weighted Assets) x 100	12%
Minimum Liquidity Ratio: (Total Liquid Assets/Total Liabilities to the Public) x 100	30%

Deposits, Loans and Lending Ratios

Total Banking Sector Deposits (30 June 2019)	\$16.92 billion (\$10.32 billion – 31 Dec 2018)
Total Banking Sector Loans & Advances (30 June 2019)	\$6.17 billion (\$4.22 billion – 31 Dec 2018)
Loans-to Deposit Ratio (30 June 2019)	36.49% (31 December 2018 – 40.71%)
Banking Sector Non-Performing Loans (NPLs) (30 June 2019)	3.95% (6.92% - Dec 2018 & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets (30 June 2019)	\$23.54 billion (31 Dec 2018 - US\$13.98 billion)

Sources: Mainly the Monetary Policy Statement (RBZ), National Budget & Various other Industry Sources

Editorial Comment

Product Innovation & Channel Development: POSB bucks branch rationalisation trend

Product development and promotional activity increased marginally during the period under review, owing to OneMoney's extension of the zero-tariff promotion to continue through the first quarter of 2020 till March, as the company angled to grow its market share. Product launches remained flat at six while there was a single product enhancement. The insurance sub-sector was dominant, accounting for 50% of the initiatives, with four of those coming from Zimnat Life Assurance. Funeral insurance was the dominant product category during the month.

Branch rationalisation was the sole activity during the month, with CABS announcing the impending closure of four branches effective 31 January 2020, while CBZ Bank said it would close two branches in Chitungwiza and Bulawayo on the 31st of December 2019. CBZ also announced plans to temporarily close its Bulawayo Fife Street Branch for renovations from the 14th of December 2019 to the 1st of January 2020. Probably the standout development was the People's Own Savings Bank (POSB)'s official opening of its Beitbridge branch on the 12th December 2019. Against the background of notable recent branch closures by a number of financial institutions such as Standard Chartered Bank, CABS and CBZ Bank, POSB is certainly bucking the trend. Instead of reducing their brick and mortar footprint altogether as others have done, the country's sole savings bank has chosen to widen its coverage through agencies at low cost, according to general manager for banking operations Lawrence Kupika. POSB said it was also working on increasing its client base to 1.1 million account holders by the end of 2020 from the current one million.

Executive Management/Board Changes: More changes at First Capital Bank

On the 18th of December 2019 Women Affairs, Community, Small and Medium Enterprises Development Minister Dr Sithembile Nyoni, announced Government's appointment of a nine-member board for the Zimbabwe Women's Microfinance Bank (ZWMB) following the expiry of the term of office of the previous one. Following a recent announcement of the departure of Samuel Matsekete, the Board of First Capital Bank Limited announced another departure, with Sydney Mtsambiwa relinquishing his position as Director and Chairman of the Bank, to enable him to address the issues arising from the PwC report on Tongaat Hullet where he was a Senior Executive for many years. The Board duly appointed Patrick Devenish as Chairman with effect from the 10th of December 2019.

The FBC Holdings Limited Board announced the appointment of Pius Rateiwa as FBC Building Society Managing Director following the retirement of Felix Gwandekwande from the boards of FBC Holdings and FBC Building Society Boards on the 30th of September 2019. The Minister of Public Service, Labour and Social Welfare Professor Paul Mavima announced the appointment of one of the Board Members, Mr Arthur Manase, to take charge of the management team as Acting General Manager until the Board completes all the processes that it has initiated and which will culminate in the recruitment of a substantive General Manager.

Capital Market Developments: ZSE on path to widen its capital market offerings

In the capital markets, the Zimbabwe Stock Exchange Limited (ZSE) announced the signing of a Memorandum of Understanding with the Harare Receivables Exchange Limited (HRE), forming the basis for the parties to establish a framework in the development of a receivables financing platform. The development is expected to offer additional products that will provide the wider market working capital and other forms of financing.

External Financing: Lines of Credit & Grant Finance/AID: Afreximbank finances first African lithium mine

Afreximbank, which has significant experience lending into Zimbabwe was mandated by Prospect Resources to raise US\$143 million required to develop the latter's Arcadia Lithium Project in Zimbabwe. Afreximbank agreed to fund and hold US\$75 million of the facility, making the Arcadia lithium project the first African lithium mine financed by Afreximbank and the first African lithium mine to attract debt finance. The African Development Bank (AfDB) approved a US\$10.4 million grant towards supporting a new tax management system under the Tax and Accountability Enhancement Project (TAEP) meant to enhance Zimbabwe's capacity to increase domestic revenue mobilisation and plug leakages. Parliament in late December ratified three loan agreements that Government entered into with the Export-Import Bank of India and Export-Import Bank in China for three projects in the energy and telecommunications

sectors. The loans are at concessional interest rates of 1.75 - 2% per annum and have repayment periods of up to two years.

Bond/TB Issue Outlook: Government's TB Auctions end year on a bad note

Government's fundraising thrust through the issuance of Treasury Bills, which started off so well in July 2019 with a number of oversubscribed auctions, ended the year on a decidedly bad note with rejection of bids worth a paltry ZWL\$30 million paltry in a 272-day tender for ZWL\$300 million. The bone of contention is the low interest rates government is insisting on against the background of a hyperinflationary backdrop.

Policy/Regulatory /Legal Developments: Govt seeks to revive the SMP after missing some targets

During the review period, a six member delegation from the International Monetary Fund (IMF) led by Gene Leon arrived in Zimbabwe for crucial meetings to revive the Staff Monitored Programme (SMP), which appeared to be stalling after government failed to meet some targets agreed on. Although Government acknowledged failing to meet some targets in respect of inflation and money supply growth, it insisted that it had met most of the targets set by the Bretton Woods institution.

In its 44th Cabinet Meeting held on 10th December 2019, Cabinet ratified the Common Market for Eastern and Southern Africa, East African Community-Southern African Development Community (COMESA-EAC-SADC) Tripartite Free Trade Area Agreement. The TFTA brings together combined membership of COMESA, EAC and SADC under a single free trade area, thereby addressing the challenge of multiple membership and boosting intra-regional trade and economic development among member states.

The Finance Bill and Appropriation Bill, sailed through Parliament on the 18th of December 2019, pending assent of the President. The Finance Bill sought to give legal effect to various fiscal measures unveiled by Minister Ncube when he presented his 2020 Budget statement while the Appropriation Bill would give legal force to the Budget votes allocated to different ministries and Government departments.

The Gazetting of Statutory Instrument 249 of 2019, titled Exchange Control (Payment for Electricity and Related Services in Foreign Currency by Exporters and Partial Exporters) Order, 2019, which compels exporters to pay 35 percent of their electricity bills in foreign currency, remained a topical issue during the month under review and raised some key issues:

1. It was seen as further undermining confidence in the Zimbabwe dollar
2. It was also considered a classic example of the policy inconsistencies that worry investors
3. While production costs are already high in Zimbabwe, paying for power in foreign currency will put exporters at a huge advantage vis-à-vis their regional counterparts by making their products more expensive.
4. It is seen as evidence of the economy's drift towards re-dollarisation as economic agents continue to be inclined to benchmark prices to the United States Dollar.

Conferences/Symposia & Training Events: Inaugural SME Supply Chain Workshop for Women

In a notable development with financial inclusion credentials, First Capital Bank held its inaugural Small to Medium Enterprise (SME) Supply Chain Workshop for women, engaged with over 200 women on various topics such as supply chain processes, digital marketing, export opportunities, and concentration risk in business among others.

Industry Awards & Achievements: Stanbic Bank and Ecobank clinch best bank awards

Two of Zimbabwe's leading banks, with parentage outside the country, were recognised with Best Bank Awards by leading institutions. Stanbic Bank Zimbabwe was named Best Bank of the Year in 2019 by leading financial magazine, The Banker, which commended it for shrugging off the prevailing skewed economic environment and embracing of digital. Ecobank Zimbabwe Limited was also named Best Bank in Zimbabwe 2019 at the EMEA Finance African Banking Awards ceremony held in London. The judging panel were particularly impressed by Ecobank Zimbabwe Limited's trade facilitation prowess, digital empowerment of its customers, together with its ability to leverage on the back of a very difficult operating environment.

Domestic Lending & Financing Initiatives: Credit Guarantee Fund for non-gold mining projects

In a move meant to assist non-gold mines in playing their role towards the attainment of the US\$12 billion mining economy, a credit guarantee fund was established to cushion non-gold mining projects across the country from the effects of fluctuating commodity prices and high operational costs. MMCZ was expected to administer the facility, with disbursements being made through designated banks.

Currency, Pricing & Liquidity Perspectives: ZWL110 million cash drip-fed into economy as inflation slows down

As the Reserve Bank of Zimbabwe (RBZ) confirmed that \$110 million in new notes and coins had so far been drip-fed into the banking sector since their introduction in November 2019, there was a positive development on the macroeconomic front. Inflation significantly slowed down to 17.5 percent per month in November, from 38.75 percent in October, the lowest rate in five months, on the back of relative stability of the exchange rate due to tight control of broad money supply growth in the economy.

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PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- **CBZ Holdings Limited** introduced a lending arm called **Red Sphere Finance**, which offers individual business loans, group loans, agriculture loans, salary based loans, microleasing, SME Loans and Order Finance. “CBZ Holdings Limited introduces Red Sphere Finance, the empowering solution in providing meaningful change and help you achieve the success you desire. Apply today at any CBZ Branch nationwide,” said the diversified financial services group.
- **Zimnat Life Assurance** said it was offering what it called a “new and customer centric product which offers guaranteed adequate cover, the revamped **Zimnat Family Funeral Plan (ZFFP)**.” Unlike its predecessor, the Zimnat Family Funeral Plan offers funeral cover of up to ZWL\$50 000, is designed to offer financial relief in the form of a cash pay-out and can cover immediate and extended family members. Apart from offering a funeral cash plan, ZFFP Revamped offers additional riders that assist with some of life’s emergencies. The **Hospital Cash Plan Rider** cushions one’s pocket against the cost of medical treatment and expenses from an unforeseen accident or illness, by giving the insured a cash benefit for every day that they or their loved ones are in hospital. The policy will provide hospital cash after 48 hours of continuous hospitalization. There is also the **Vigil and Tombstone Rider** under which proceeds are made 90 days and 12 months after the burial respectively, to assist in financing the vigil and memorial service.
- Insurance firm, **Zimnat** on **3 December 2019** said that it had broadened focus into the bureau de change business. To be known as **ZFX Bureau de Change**, the company will be involved in both foreign exchange and money transfer services. “The idea of coming up with ZFX was born out of need to ensure we provide a holistic financial service for our customers. In that vein we have also partnered with **World Remit** to ensure that our customers can also receive money from their benefactors in the diaspora and be able to change it under one roof,” said Zimnat chief executive officer **Mustafa Sachak**.
- Youth-focused bank, **EmpowerBank Limited**, introduced a branded Debit Card which it said was a convenient way to make everyday payments, a safe alternative to carrying cash, has access to **ZimSwitch** Point of Sale (POS) terminals countrywide, is a secure EMV compliant card that facilitates ZIPIT transactions into one’s account. The debit card is available to individuals, corporates and groups.
- **Pfuma/Inotho**, a small to medium enterprises funding and listing platform was launched on the **18th of December 2019**. **Financial Securities Exchange (FINSEC)** and C-Trade-E-mobile partnered with **United Nations Capital Development Fund (UNCDF)** to launch the product also known as **Growth Enterprises Market (GEM)**. The digital platform seeks to assist SMEs in accessing affordable funding for either equity or debt financing. The digital platform enables qualifying SMEs to raise capital on the stock exchange, a development that is anticipated to provide “patient capital” for budding businesses. The launch of the platform in one way in which the Zimbabwean capital market will stimulate growth and diversification from focus on blue chip and established corporates to also include SMEs. **Escrow Group** chief executive officer **Collen Tapfumaneyi** indicated that the initiative was created to fill the gap where small enterprises had no chance on other stock exchange platforms that only had space for successful blue chip companies. “Small to medium enterprises have such a significant impact on economies, so we challenged ourselves to help deepen the country’s financial markets by simplifying access to funding,” said Tapfumaneyi. The Pfuma/Inotho SME Listing Platform, is a joint venture between mobile platforms and the Financial Securities Exchange (Finsec) with the support from local and international development partners as well as the Government of Zimbabwe through the Ministry of Finance and Economic Development and the Ministry of Women Affairs, Community, Small and Medium Enterprises Development.
- **First Mutual Limited** launched a funeral services subsidiary, **First Mutual Funeral Services**, as it sought to diversify its product offering. “Did you know...? First Mutual now provides full funeral services? Good news! We now offer high quality, affordable funeral services. We have state of the art facilities and equipment. Our service is available to both Funeral Cash Plan policy holders and non-policy holders. Visit us at 1 Dreary Road, Belgravia,” said the insurance services company. The new entity will offer services such as body removal, mortuary storage and burial equipment.

- **Zimnat Life Assurance** announced the launch of **Kwedu/Ngekhaya**, a funeral plan for Zimbabweans living outside the country that enables them and their loved ones to be buried back home, with payouts guaranteed in United States dollars or South African rand. Those living in the SADC regions will receive, for a monthly premium of R189, a pay-out of up to R210 000 for a family of six, with each family member entitled to R35 000. For those living abroad, a family of six will receive US\$60 000 for funeral and repatriation expense in the event of bereavement, for a monthly premium of US\$23.50, with each member being covered for US\$10 000. “Zimnat Kwedu/Ngekhaya Plan has the backing of the **Reserve Bank**, which, as reported in the mainstream media a few months back, has granted Zimnat the authority to ring-fence funds related to diaspora products for investment offshore. This guarantees the ability of Zimnat as an underwriter to settle claims in United States dollar and South African rand,” commented Zimnat Life Assurance managing director **Workmore Chimweta**. Premiums are payable on a monthly, quarterly or annual basis. The plan has an option for the inclusion of vigil and tombstone cover. It does not have any waiting period in the event of accidental death. No medicals are required to sign up. The policy can be applied for online through Zimnat’s self-help web portal, www.selfcare.zimnat.co.zw.

PRODUCT PROMOTION INDEX (PPI)

- **EcoSure** introduced a promotion celebrating its 5th anniversary. “Celebrating 5 Years of delivering peace of mind with over ZWL\$300 000 worth of prizes. A big thank you to all our valued customers, stakeholders, and team members for helping us make this dream a reality,” said the **Cassava Smartech** subsidiary about the promotion, open to new and existing customers and groups. To participate, individuals must dial *900#, register on EcoSure or any Add On or add a dependent and pay at least 1 months’ premium. Groups were expected to pay their full Group premium by 21 December 2019. Prizes on offer include ZWL \$1000 Vouchers (EcoSure Lite), ZWL \$1500 Vouchers (EcoSure Basic), ZWL \$2000 Vouchers (EcoSure Standard), ZWL \$3000 Vouchers (EcoSure Premium) and for EcoSure Groups, these included Cows, 50KG rice and customised T-shirts. Cash prizes were to be credited into **EcoCash**.
- **First Capital Bank** announced the winners of its “Use & Win Promotion” which ended on 31 December 2019 as follows:

Week	Samsung Galaxy A80 Smartphone	Solar Power Bank	20Gb Data Bundle	\$500 Zesa Voucher
Week 1 Winners & Branches	Beauty Mwinde, Pearl House	Tatenda Ndirarami, Mutare	<ul style="list-style-type: none"> • Susan Pasi, Highlands • Bhekani Ndlovu, Belmont • Sandra Mutsapata, Pearl House 	<ul style="list-style-type: none"> • Fidelis Tungamirai Manyuchi, First Street • Never Kuchineyi Mufakose, Pearl House
Week 2 Winners & Branches	Tapiwanashe Learnmore Chapura, Mutare	Stanley Mandabva, Mutare	<ul style="list-style-type: none"> • Lawrence Sithole, Highlands • Sanchez Madzinga, Pearl House • Thomas Mukoki, First Street 	<ul style="list-style-type: none"> • Godfrey Gune, First Street • Pauline Makiyi, Highlands

“Don’t lose out start transacting now and remember the more you transact, the better your chances of winning!” said the bank formerly known as **Barclays Bank of Zimbabwe Limited**.

- **EcoCash Remit**, in partnership with **Sasai** introduced a **Christmas Box promotion** under which those who received a minimum of \$10 from South Africa via EcoCash Remit on Sasai were guaranteed free ZWL\$100 into their EcoCash plus 1% of the received value as airtime. The sender stood a chance to win a house in Zimbabwe while 100 customers were in the running for school fees vouchers for 1 year. The promotion was scheduled to run from 5 December 2019 to February 2020.

- **Agribank** introduced the [ZWL\\$1 Million Mega-POS Merchant Promotion](#) running from 1st December 2019 to 31st March 2020. “Calling all Merchants, Traders, Schools, Colleges and Universities to enter and stand a chance to win!” said “Your all weather bank” which further advised the terms and conditions of the promotion as follows:
 - To enter the draw a terminal should have an average of \$20,000.00 monthly sales for the duration of the promotion
 - The promotion will be on a point based system for every transacting terminal
 - \$20,000 sales earn 1 ticket and every \$10,000 an extra ticket. \$300,000.00 and above getting a maximum of 28 tickets
 - Monthly prizes will be awarded for the best performing POS terminal for each province
 - Staff with the winning POS terminals gets to walk away with Mega cash prizes, as well as branded regalia and other promotional material from Agribank
 - Merchant staff prizes will be awarded per branch/shop with the winning terminals/s

- Having launched its Diaspora Funeral Plan at a time many Zimbabweans were travelling back home for the festive season to spend time with family and friends, [Zimnat Life Assurance](#) introduced a launch promotion, which gave local Zimbabweans an opportunity to win grocery vouchers by referring friends and family to sign up for Kwedu/Ngekhaya funeral plan.

- The country’s oldest mobile network provider, [NetOne](#) announced that it would be extending the zero-tariff transaction charges to subscribers of its mobile money platform [OneMoney](#), as the firm angled to grow its market share. The company said it extended the zero-tariff promotion to continue through the first quarter of 2020 till March, as a means of cushioning the transacting public when paying school fees, making payments, sending and receiving money. NetOne’s move came against the backdrop of the [Postal and Telecommunications Regulatory Authority of Zimbabwe \(POTRAZ’s\)](#) third quarter report for 2019, that saw OneMoney growing by 27 percent from 335 132 active mobile subscriptions to 428 529. Subsequently, its active mobile subscriptions grew by 10.6 percent from 2 752 458 to 3 042 930 signifying a total of 1.4 percent of the market in Zimbabwe.

SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	CBZ Holdings Limited	Red Sphere Finance	Lending (Microfinance)	Banking	Product Launch
2	Zimnat Life Assurance	Zimnat Family Funeral Plan	Funeral Insurance	Insurance	Product Enhancement
3	Zimnat Life Assurance	ZFX Bureau de Change	Foreign Exchange Services	Insurance	Product Launch
4	EmpowerBank Limited	Sahwira Bureau de Change	Debit card	Banking	Product Launch
5	Financial Securities Exchange	Pfuma/Inotho SME Listing Platform	Digital Platform	Fintech	Product Launch
6	First Mutual Limited	First Mutual Funeral Services	Funeral Services	Insurance	Product Launch
7	Zimnat Life Assurance	Zimnat Kwedu/Ngekhaya Plan	USD Funeral Insurance	Insurance	Product Launch
8	EcoSure/Cassava Smartech	5th Anniversary Promotion	Funeral Insurance	Insurance	Product Promotion
9	EcoCash Remit/Sasai	Christmas Box Promotion	Remittances	Mobile Money	Product Promotion
10	Agribank	\$1mn Mega-POS Merchant Promo	Transaction Banking – POS	Banking	Product Promotion
11	Zimnat Life Assurance	Kwedu/Ngekhaya plan Promotion	Funeral Insurance	Insurance	Product Promotion
12	OneMoney	Zero-rated transactions extension	Mobile Money	Mobile Money	Product Promotion

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- **CABS** issued a notice advising of impending branch closures. “CABS would like to advise its customers that in line with our branch rationalization strategy, the following branches will be closing on 31 January 2020:

#	Branch	Nearest Branch
1	Highfield	Southernton
2	Highglen	Southernton
3	Letombo	Chisipite
4	Norton	Park Street (Harare)

All services will be available at the nearest branches listed above, or any other CABS branch nationwide. For your convenience, mobile banking (*227# and mobile app), internet banking, CABS agents, POS devices and ATMs will be available for use. Thank you for your continued support,” said the banking subsidiary of the [Old Mutual Group](#).

- [CBZ Bank](#) issued a notice advising its stakeholders of impending branch mergers. “We would like to advise all our valued stakeholders of the merger of the following branches with effect from 2nd January 2020:
 - Chitungwiza Makoni Branch and Chitungwiza Town Centre Branch
 - Bulawayo Fife Street Branch and Bulawayo JMN Nkomo Branch

As such, Chitungwiza Town Centre Branch and Bulawayo JMN Nkomo Branch will be closed on the [31st of December 2019](#). Clients can continue to receive services at Chitungwiza Makoni Branch, Bulawayo Fife Street as well as other CBZ Bank Branches Nationwide. Our digital platforms CBZ Touch Mobile App, CBZ Internet Banking, CBZ SmartPoint Point-of-Sale terminals and ATMs as well as CBZ Agents will also be available for use by all clients anytime, anywhere. We remain committed to giving our valued clients exceptional services,” said the bank in the notice.

- [The People’s Own Savings Bank \(POSB\)](#) officially opened its Beitbridge branch on the [12th December 2019](#) and said it was working on a raft of measures to simplify banking and facilitate easy access to cash by pensioners and people in rural areas. General Manager for banking operations [Lawrence Kupika](#) said that they were working on increasing their client base to 1.1 million account holders by the end of 2020 from the current one million. He also said POSB wanted to widen its network. “So far we have 36 branches countrywide, but the whole idea is to widen our coverage through agencies at low cost,” he said.
- [CBZ Bank](#) issued a public notice regarding renovations to [Bulawayo Fife Street Branch](#). “CBZ Bank would like to advise its valued clients on the temporary closure of the Bulawayo Fife Street Branch on the 14th of December 2019 to allow for branch renovations. The branch will reopen on the 2nd January 2020. For other bank related issues you can use other branches in Bulawayo, CBZ Touch Mobile App, CBZ Internet Banking, CBZ Agents, CBZ SmartPoint POS terminals and ATMs are also available for use anytime, anywhere. Any inconvenience caused by the temporary closure is sincerely regretted. Thank you for your continued support,” said the bank in the notice.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY				
#	Institution	Sector	Type of Initiative	Description
1	CABS	Banking	Branch closures	Highglen, Highfield, Norton & Letombo effective 31 January 2020
2	CBZ Bank Limited	Banking	Branch closures	Chitungwiza Town Centre & Byo JMN Nkomo branches effective 31 December 2019
3	CBZ Bank Limited	Banking	Branch renovation	Bulawayo Fife Street Branch effective 14 th Dec 2019
4	People’s Own Savings Bank	Banking	Branch opening	Beitbridge branch effective 12 th December 2019

EXECUTIVE MANAGEMENT/BOARD CHANGES

- The Board of Directors of [First Capital Bank Limited](#) issued a notice of changes to the board. “The Board of First Capital Bank Limited regrets to advise that [Mr. Sydney Mtsambiwa](#) has relinquished his position as Director and Chairman of the Bank, to enable him to address the issues arising from the [PwC](#) report on [Tongaat Hullet](#) where he was a Senior Executive for many years. The Board has accepted his resignation and wishes him all the best in the future. The Board has appointed [Mr. Patrick Devenish](#) as Chairman with effect from the 10th of December 2019,” read the notice of board changes.
- Government appointed a nine-member board for the [Zimbabwe Women’s Microfinance Bank \(ZWMB\)](#) following the expiry of the term of office of the previous one. The board was announced on the 18th of December 2019 by Women Affairs, Community, Small and Medium Enterprises Development Minister [Dr Sithembile Nyoni](#). It will be

chaired by [Matthews Kunaka](#), who was in charge of the previous board. Other board members are [Ms Chipo Bhebhe](#), [Mrs Ntokozo Mkandla](#), [Ms Nomagugu Ncube](#), [Ms Rumbidzai Ninga](#), [Mr Obert Ngwenya](#), [Mr Lysias Kunaka](#), [Mr Bright Magura](#) and [Mrs Mandas Marikanda](#).

- [Felix Gwandekwande](#) retired from [FBC Holdings](#) and [FBC Building Society Boards](#) on the 30th of September 2019, following what the banking group called “an illustrious and fruitful career spanning over two decades with the group” “Felix joined the FBC Group in 1997 as a Branch Manager. He held the positions of Senior Manager, Head of Retail Banking and Director Retail Banking before being appointed Managing Director of FBC Building Society in June 2011. Felix was also an Executive Director of the FBC Holdings Group. Prior to joining the FBC Group, he worked for two international banks in Zimbabwe...The Board, Senior Executives, Management and Staff Members of FBC Holdings Group wishes to express sincere and profound gratitude to Felix for such a successful career with FBC and his dedication to duty right to the end. We wish Felix an enjoyable and happy retirement,” said the diversified financial services group.
- The [FBC Holdings Limited](#) Board announced the appointment of [Pius Rateiwa](#) as [FBC Building Society](#) Managing Director. “Pius is an associate member of the [Institute of Chartered Secretaries and Administrators in Zimbabwe](#). He also has a Master of Business Administration degree from the [University of Zimbabwe](#). He is a certified Prince 2 Projects Practitioner. Pius’s experience in the financial services sector spans over twenty five years. He worked for a number of local financial institutions in areas such as Finance, Treasury and International Banking. He joined FBC Building Society in 2005 as Head of Treasury and was appointed head of Projects and Mortgages in 2010. In 2012 he was appointed Executive Director Projects and Mortgages. We wish Pius great success in his new position as he continues to fly the FBC Building Society Flag high!” said FBC Holdings Limited in a notice of executive appointment.
- The Board of [Atria Asset Management](#) announced the appointment of [Zondi Kumwenda](#) as Managing Director of Atria Asset Management. “Zondi brings a wealth experience, having previously been Group CEO of [Zimplow Holdings Limited](#), the largest manufacturer and distributor of farming implements in sub-Saharan Africa, which is listed on the [Zimbabwe Stock Exchange](#). A Chartered accountant at Fellowship level, Zondi will be a valuable addition to lead the team, given the likely period of economic contraction ahead, as well as the uncertainty associated with hyperinflation. All regulatory approvals have been received, Zondi will take up the position with immediate effect,” said the board. Commenting on the appointment, Zondi Kumwenda said: “I am privileged and honoured to be entrusted with this important role at Atria Asset Management, as I pledge to take the business to the next phase of its growth. Despite the current economic climate, we have a clear strategy and the team to execute it and I look to the future with confidence.”
- The Minister of Public Service, Labour and Social Welfare [Professor Paul Mavima](#) announced the appointment of an Acting General Manager for the [National Social Security Authority](#). “Following recommendations received from the Board, I have approved the appointment of one of the Board Members, [Mr Arthur Manase](#), to take charge of the management team as Acting General Manager and support the board in its efforts to the desired transformation of NSSA. This appointment is with immediate effect and is in accordance with the provision of the Public Entities Corporate Governance Act (Chap.10:31), specifically section 17. Mr Manase will act in this role until the Board completes all the processes that it has so far initiated and which will culminate in the recruitment of a substantive General Manager. The current acting General Manager will revert to his substantive post as Director – Investments to head the Investment department, which is a very important and strategic department of NSSA. I wish the board and the management every success in their efforts to bring about a transformation of NSSA, which will be anchored on good corporate governance and accountability to all its stakeholders,” said Mavima in a press statement dated 20th December 2019.

REBRANDING, RESTRUCTURING & STRATEGIC PARTNERSHIPS

- **Cassava Smartech's EcoFarmer Vaya Tractor** clinched strategic corporate partnerships with **CBZ Bank** and **William Bain** to provide tillage equipment for farmers and boost agricultural productivity. The Vaya Tractor platform allows farmers to request the services of a tractor or other farming equipment from their mobile phones. The platform already boasts over 2100 tractors registered on its system and has to date prepared over 20 000 hectares of land in the 2019/2020 season alone. Cassava Smartech CEO **Eddie Chibi** said the partnership with CBZ Bank would result in EcoFarmer Vaya Tractor being allocated significant hectares of tillage land to prepare this season. The bank has already partnered the government for the Smart Agriculture Programme. Farm equipment suppliers **William Bain** came on board by registering their tractors and other farming equipment onto the platform.

CORPORATE ACTIONS

- **FBC Holdings Limited** issued a dividend announcement notice. "Notice is hereby given that the Board of FBC Holdings Limited has declared a second interim dividend of 2.98 ZWL cents per share on 671 949 927 ordinary shares in issue on 12 December 2019. The dividend to be paid will in total amount to ZWL 20 024 108. The dividend will be payable in full to all the shareholders registered in the books of the Company at close of business on Friday, the 3rd of January 2020. The payment of dividend will take place on or about January 2020. The shares of the Company will be traded cum-dividend on the Stock Exchange up to the market day of 31 December 2019 and ex-dividend as from 02 January 2020. Shareholders who have not yet submitted their banking details or whose banking details have changed from the date of the last submission are requested to submit the same to our transfer secretaries who are **First Transfer Secretaries** situated at: - No. 1 Armagh Avenue, Eastlea, P.O. Box 11 Harare," said Group Company Secretary **Tichaona Mabeza** in the announcement dated 16 December 2019.

CAPITAL MARKET DEVELOPMENTS

- The **Zimbabwe Stock Exchange (ZSE)** and **Harare Receivables Exchange (HRE)** signed a memorandum of understanding (MOU) for the development of a receivables financing platform as the former continued on a path to widen its capital market offerings. HRE is a local receivables focused trading company which facilitates access to financial markets by individuals, small-to-medium enterprises (SMEs), corporates, parastatals, and financial institutions. It provides them with room to liquidate receivables and grow their businesses. An online marketplace for invoices is provided where buyers bid for the seller's invoices in Real Time and pay immediately before they in turn get paid when the intended buyer finally releases the money. Said ZSE chief executive officer **Justin Bgoni** in a statement on **11th December 2019**. "The Zimbabwe Stock Exchange Limited (ZSE) wishes to advise stakeholders on the signing of a Memorandum of Understanding ('MOU') between the ZSE and Harare Receivables Exchange Limited (HRE). The signing of the MOU forms a basis for ZSE and HRE to establish a framework in the development of a receivables financing platform. As the ZSE, we are delighted to be partnering HRE, and we envision that over time, the receivables financing platform will grow to offer additional products that will provide the wider market working capital and other forms of financing. This collaboration will entail both parties having joint responsibilities in the establishment of a trading platform for receivables."

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- **Prospect Resources** appointed the **African Export-Import Bank (Afreximbank)** to raise US\$143 million required to develop a lithium project in Zimbabwe. **Hugh Warner**, Prospect's Chairman, said Afreximbank proposed to fund and hold US\$75 million of the facility. "The parties have also agreed on a non-binding indicative debt facility term sheet," he said. The appointment of Afreximbank as mandated lead arranger is a critical milestone in the financing of the Arcadia lithium project in Zimbabwe. The parties will now undertake further detailed due diligence and negotiate the final facility agreements. Execution of the facility agreements will be subject to Afreximbank's further due diligence and credit approvals and drawdown will be subject to satisfaction of various conditions precedent to be included in the agreements. "We are very pleased to have agreed this mandate with Afreximbank, who have significant experience lending into Zimbabwe. The company's Arcadia lithium project is expected to be the first

African lithium mine financed by Afreximbank and the first African lithium mine to attract debt finance,” said Warner.

- The [African Development Bank \(AfDB\)](#) approved a US\$10.4 million grant towards supporting a new tax management system to enhance Zimbabwe’s capacity to increase domestic revenue mobilisation and plug leakages. Known as Tax and Accountability Enhancement Project (TAEP), the new modernised tax regime will improve resource mobilisation by the [Zimbabwe Revenue Authority \(ZIMRA\)](#) for essential public services and investments. The enhanced tax system will improve tax compliance levels and help reduce large fiscal deficits. Assessments by the [International Monetary Fund \(IMF\)](#) found that Zimbabwe’s tax and revenue management system – which is key for tax collection, compliance and accountability – is old and does not perform to the expected international standards. Zimra will receive 90 percent of the grant, while the remainder will go towards capacitating oversight institutions namely [Parliament](#) and the [Office of the Auditor General](#).
- Parliament in late December ratified three loan agreements that Government entered into with two banks from India and China for three projects in the energy and telecommunications sectors. Government secured two loans from the [Export-Import Bank of India](#) in June for the [Deka Pumping Station and River Water Intake System Project](#) to improve water supply to [Hwange Power Station](#) and the refurbishment of [Bulawayo Thermal Power Station](#). The other loan was obtained from the [Export-Import Bank in China](#) for Phase III of the [NetOne](#) broadband expansion project. Government secured US\$28.6 million for the Deka projects and US\$19.5 million for the refurbishment of Bulawayo Thermal Power Station from the Export-Import Bank of India and US\$71 million from China Exim Bank for the NetOne project. The motions for the ratification of the three loan agreements were moved by Finance and Economic Development Minister Professor Mthuli Ncube in line with the Constitution. “This loan agreement is US\$19.5 million, it has a low interest rate of 1.75 percent per annum and then the loan is basically long term, with a very nice grace period that really makes it an affordable loan and I think it will go a long way in resuscitating power production for use by the City of Bulawayo,” said Professor Ncube. On the NetOne loan, Professor Ncube said it also had favourable repayment terms. “This loan agreement, Mr Speaker Sir, to elaborate, is US\$71 million; the interest rate is set at 2 percent per annum with China Exim Bank. There is a grace period of 5 years. The maturity period of the loan is 20 years and in terms of repayment, we will pay twice a year or rather 30 semi-annual instalments,” added Ncube.

BOND/TB ISSUE OUTLOOK

- The [Reserve Bank of Zimbabwe \(RBZ\)](#) on behalf of the Government of the Republic of Zimbabwe invited Commercial banks, Building Societies, [POSB](#) and [IDBZ](#), to subscribe to Treasury Bills amounting to Three Hundred million dollars (ZWL\$300, 000,000). “Applications must be for a minimum of one million Zimbabwe dollars (ZWL\$ 1,000,000 -00). The number of bids per investor are restricted to two (2) and copies of the application forms are available from [RBZ Local Dealers](#), 80 Samora Machel Avenue, Harare. Applications should be clearly marked **“Zimbabwe 272-Day Treasury Bills,”** said the apex bank’s Financial Markets Division, which further advised the features of the bills as follows:

○ Issuer:	Government of Zimbabwe
○ Amount on Offer:	Three Hundred million dollars (ZWL\$300,000,000 – 00)
○ Interest Rate:	Open Tender on a yield basis
○ Tenure:	272 days
○ Purpose of Issue:	To finance Government Programmes
○ Offer Opens:	Tuesday, 03 December, 2019 at 08:00hrs
○ Offer Closes:	Tuesday, 03 December, 2019 at 12:00hrs
○ Allotment and Payment:	Tuesday, 03 December, 2019

The bank further advised the special features as follows: Prescribed Asset Status, Liquid Asset Status, Tradability, Tax Exemption, Acceptability as collateral for overnight accommodation by the [RBZ](#) and finally, Allotment at

weighted average rate. “The Bank reserves the right to accept or reject a portion of any or all tenders,” added the apex bank’s [Financial Markets Division](#).

- The [Reserve Bank of Zimbabwe’s Financial Markets Division](#) announced results of the 272-day Treasury Bill tender that opened on the 3rd December 2019 and closed on the same day.

Amount on Offer	ZWL\$300,000,000.00
Highest Rate	15.5000%
Lowest Rate	15.0000%
Average Rate	N/A
Amount Allotted	All Bids Rejected
Total Bids	ZWL\$30,000,000.00

FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- Tax collector, the [Zimbabwe Revenue Authority \(ZIMRA\)](#) on the 29th of December 2019 said local businesses must be ready to effect a 0.5 percentage point reduction in value added tax (VAT), which comes into effect on January 1, 2020. The move, which was expected to result in minor price reductions, followed the decision by Finance and Economic Development Minister, [Professor Mthuli Ncube](#), in the 2020 national budget to reduce VAT to 14.5 percent from 15 percent effective the beginning of the year. “Registered operators, businesses registered for VAT and those that require to register, should ensure that they are ready to implement the new rate of tax. Accounting systems, transacting systems and devices for recording taxable transactions (fiscal devices) should be adjusted accordingly in time for implementation,” Zimra said. VAT, which was introduced in 2004 to replace sales tax, is an indirect tax on consumption, charges on the supply of taxable goods and services. While the tax reduction is meant to be beneficial to the generality of the population, its effects are unlikely to be felt due to inflation, which keeps pushing up the prices of goods and services.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- A six member delegation from the [International Monetary Fund \(IMF\)](#) led by [Gene Leon](#) arrived in Zimbabwe for crucial meetings to revive the Staff Monitored Programme (SMP), which appeared to be stalling after government failed to meet some targets agreed on. The SMP is an informal arrangement between the government and the IMF to monitor the implementation of key economic programmes, which does not entail financial assistance. The IMF delegation was expected to meet fiscal and monetary authorities. Finance Ministry permanent secretary [George Guvamatanga](#) confirmed that Government was holding negotiations with the IMF in order to continue the SMP. He said although Government acknowledged failing to meet some targets in respect of inflation and money supply growth, they had met most of the targets set by the Bretton Woods institution.
- Parliament passed the [Zimbabwe Investment Development Agency \(ZIDA\) Bill](#) which seeks to give impetus to the Government’s reforms being undertaken in promoting the ease of doing business. The ZIDA Bill seeks to combine mandates of three existing pieces of legislation that deal with investment, namely the Zimbabwe Investment Authority Act, the Special Zones Act and the Joint Ventures Act into one. In his Second Reading speech, Justice, Legal and Parliamentary Affairs Minister [Ziyambi Ziyambi](#) who steered the Bill in both the National Assembly and Senate singled out the One-Stop Investment Centre, where delegates from all Government agencies and ministries involved with investment in one way or another are gathered under one roof to assist potential investors with their queries, without having to pass them from pillar to post. “The Bill also provides important statutory guarantees against discrimination between foreign and domestic investors, and pledges of fair treatment to all investors and against arbitrary expropriation and taxation. Holders of investment licences will be consideration of any secondary licences or permits required to secure their investments,” said Ziyambi.

- In its 44th Cabinet Meeting held on 10th December 2019, Cabinet ratified the [Common Market for Eastern and Southern Africa, East African Community-Southern African Development Community \(COMESA-EAC-SADC\) Tripartite Free Trade Area Agreement](#). “Cabinet considered and approved the Ratification of the COMESA - EAC – SADC Tripartite Free Trade Area (TFTA) Agreement, which the Minister of Justice, Legal and Parliamentary Affairs presented as Chairman of the Cabinet Committee on Legislation. The TFTA brings together combined membership of COMESA, EAC and SADC under a single free trade area, thereby addressing the challenge of multiple membership and boosting intra-regional trade and economic development among member states. The TFTA seeks to achieve the following objectives, inter-alia:
 - To promote economic and social development of the Tripartite region;
 - To create a large single market with free movement of goods and services in order to promote intra-regional trade; and
 - To enhance the regional and commercial integration process

In essence, the TFTA will bring together 29 African countries with a combined current population of more than 632 million people and a combined Gross Domestic Product of US\$ 1.3 trillion. The TFTA constitutes half of the [African Union \(AU\)](#) in terms of membership. Such a market naturally creates opportunities for economies of scale for producers of various goods and services in the tripartite region. Zimbabwe stands to benefit immensely from membership of the TFTA. The country will no longer be restricted to the production of traditional goods and, instead, will become the hub for new manufacturing operations that serve wider markets. The country will substantially reduce the cost of doing business and, thereby radically transforming its industrial processes and models,” Cabinet said in the meeting decisions matrix.

- The Finance Bill and Appropriation Bill, which seek to give legal effect to the 2020 National Budget delivered by Finance and Economic Development Minister [Mthuli Ncube](#), sailed through Parliament on the 18th of December 2019, pending assent of the President. The Finance Bill seeks to give legal effect to various fiscal measures unveiled by Minister Ncube when he presented his 2020 Budget statement while the Appropriation Bill will give legal force to the Budget votes allocated to different ministries and Government departments.

CONFERENCES/SYMPOSIA & TRAINING EVENTS

- [First Capital Bank](#) held its inaugural Small to Medium Enterprise (SME) Supply Chain Workshop for women. “At First Capital Bank, we believe in collaboration, which speaks to seeking innovative ways to partner with others to help those around us. On Wednesday 4 December 2019, we partnered with diverse industry thought leaders, clients and suppliers on our first ever Small to Medium Enterprise (SME) Supply Chain Workshop for women. This saw us engaging with over 200 women on various topics such as Supply Chain Processes, Digital Marketing, Export opportunities, and Concentration risk in business among others. We believe in a financially inclusive community and we will continue collaborating with “Friends of First Capital Bank” to bring this to life,” said the bank whose payoff line is “Belief comes first”.

INDUSTRY AWARDS AND ACHIEVEMENTS

- [Stanbic Bank Zimbabwe](#) was named Best Bank of the Year in 2019 by leading financial magazine, [The Banker](#), at glitzy gala in London. The leading financial services institution was commended for shrugging off the prevailing skewed economic environment as it helped secure the prestigious Bank of The Year 2019 country awards for its parent company, [Standard Bank Group](#). In their commentary, The Banker noted that Zimbabwe’s short-lived recovery of 2017 was now a distant memory. It said the government expected the economy to shrink by 6.5 percent in 2019, making it Africa’s poorest performer by some distance, due to factors including soaring inflation, shortages of foreign currency and rolling power cuts. “Such conditions present formidable obstacles for the country’s banks, but Stanbic Bank Zimbabwe has still managed to post impressive results, which combined with its continued embrace of digital, sees it crowned as Bank of the Year 2019 for Zimbabwe,” wrote The Banker.

- [Ecobank Zimbabwe Limited](#) was named Best Bank in Zimbabwe 2019 at the [EMEA Finance](#) African Banking Awards ceremony held in London on Thursday, 5 December 2019. The judging panel were particularly impressed by Ecobank Zimbabwe Limited's trade facilitation prowess, digital empowerment of its customers, together with its ability to leverage on the back of a very difficult operating environment. Ecobank said the award demonstrated the bank's strong commitment towards contributing to the economic development of Zimbabwe. "Shortly after receiving the award, the Managing Director, [Moses Kurenjekwa](#) said, "We are greatly honoured and humbled to be recognised by EMEA Finance as the best Bank in Zimbabwe. This accolade is great testament to our customers' loyalty and support and also the hard work of all my colleague in the bank. Our strong focus in offering unique trade finance solutions and innovative digital products and services are successfully driving financial inclusion and integrations in Zimbabwe."

DOMESTIC LENDING & FINANCING PERSPECTIVES

- A credit guarantee fund was established to cushion non-gold mining projects across the country from the effects of fluctuating commodity prices and high operational costs. [Minerals Marketing Corporation of Zimbabwe \(MMCZ\)](#) general manager, [Tongai Muzenda](#) said that the Credit Guarantee facility sought to assist non-gold mines in playing their role towards the attainment of the US\$12 billion mining economy. "The Credit Guarantee Fund was pronounced by the Deputy Minister of Mines and Mining Development ([Engineer Polite Kambamura](#)) a few days ago. The fund is being administered by MMCZ and right now we are in the process of putting modalities to see which banks can be used to disburse resources under the facility... As you might be aware, mining is a capital-intensive business. So as MMCZ, if we can be allocated at least \$100 million as seed capital for a start, I think that could go a long way in boosting the operations of non-gold producers across the country as we project a \$12 billion mining economy," said Muzenda about the facility for which funding was expected to come from the Ministry of Finance and Economic Development.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- Addressing business stakeholders at the [Zimbabwe National Chamber of Commerce \(ZNCC\)](#) annual business review conference in Harare, [Reserve Bank of Zimbabwe \(RBZ\)](#) Deputy Governor [Dr Khupukile Mlambo](#) said \$110 million in new notes and coins had so far been drip-fed into the banking sector since their introduction in November 2019. "On the confidence building measures we have put MPC in place and it has met three times since they were established in October. Under the MPC we have tackled the issue of cash now we have injected up to \$110 million cash in the economy which I think will help in terms of reducing queues. I want to stress that we have not increased the amount of money supply. We increased the ratio of cash to electronic money, that is what we have changed. That signal is very important because when they see new notes they think central bank is back at it again, we are just making sure there is more cash for people. We want to target that money (supply) grows at a reasonable rate," said the Deputy Governor.
- Inflation significantly slowed down in November on the back of relative stability of the exchange rate due to tight control of broad money supply growth in the economy. Data from the [Zimbabwe National Statistical Agency \(Zimstat\)](#) showed that Zimbabwe's inflation slowed down to 17.5 percent per month in November, from 38.75 percent in October, the lowest rate in five months. The [Reserve Bank of Zimbabwe](#) is targeting monthly inflation of 10 percent by year-end although some critics believe the target is not achievable. The pricing regime in Zimbabwe is largely linked to the money supply determined exchange rate and its stability for most of November, at around US\$1 to US\$16.57, resulted in relatively stable prices. Even the exchange rates on the parallel markets were little changed around US\$1 to \$21.