

Banking Regulation and the Protection of Core Banking Functions in Zimbabwe: Challenges and Reform Imperatives (2000–2026)

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Abstract

This article investigates the extent to which banking institutions in Zimbabwe have retained their core statutory functions as prescribed under the Banking Act 9 [Chapter 24:20] of 1999 in the context of persistent economic instability from 2000 to the present. It identifies the gradual erosion and potential extinction of fundamental banking functions due to hyperinflation, recurrent bank failures, regulatory inefficiencies, and inconsistent monetary policies. The novelty of this study lies in its departure from traditional doctrinal analysis by adopting a functional approach that interrogates whether banks are effectively performing their legally mandated roles in practice. Methodologically, the article employs a qualitative doctrinal legal analysis, supplemented by elements of socio-legal inquiry to contextualise regulatory and institutional challenges. The discussion is structured to examine each core banking functions; deposit-taking, credit extension, money transmission, foreign exchange trading, and custodial services against Zimbabwe's economic realities, while drawing some valuable insights from international banking practices. The findings reveal a significant decline in the utilisation and effectiveness of these functions, largely driven by public mistrust and the rise of informal financial systems. The article proposes regulatory reforms centred on monetary discipline, enhanced corporate governance, and technological integration. It concludes that without urgent intervention, the functional relevance of banks in Zimbabwe may be irreversibly diminished.

Keywords: banking functions, Zimbabwe, financial regulation, hyperinflation, bank failures & monetary policy.

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1. Introduction

Banking institutions (banks) refer to companies that are registered or required to be registered in terms of the Banking Act to conduct any class of banking business in Zimbabwe.² Classes of banks that exist in Zimbabwe include: commercial banks, accepting houses, discount houses or finance houses registered or required to be

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² Section 2 of the Banking Act 9 [Chapter 24:20] of 1999 (‘Banking Act’).

registered in terms of the Banking Act.³ Banking business, by contrast, refers to the activity undertaken by banks of accepting deposits from natural and juristic persons, which may be withdrawn or repaid either on demand, after a fixed term, or upon the expiry of an agreed notice period.⁴ However, as is the case in most jurisdictions globally, Zimbabwe maintains a central bank that does not fall within the categories of banks listed above — namely, the Reserve Bank of Zimbabwe (RBZ). There is a need to make this delineation as the ‘business’ of the banks listed above is dissimilar from that of the RBZ.⁵ Therefore, the functions of the RBZ fall outside of the scope of this article.

Banking institutions play a pivotal role in any economy by performing core functions such as deposit-taking, credit intermediation, money transmission, foreign exchange trading, and custodial services. In Zimbabwe, these functions are codified under the Banking Act, which provides the legal foundation for the operation of banking institutions. However, since the year 2000, Zimbabwe’s banking sector has been subjected to sustained economic turbulence characterised by hyperinflation, recurrent bank failures, liquidity crises, and inconsistent monetary policies.⁶ These challenges have significantly undermined the capacity of banks to effectively perform their statutory functions, thereby raising critical questions about their continued relevance in the financial system. This article identifies as its central problem the gradual erosion and potential extinction of core banking functions in Zimbabwe due to regulatory inefficiencies, weak corporate governance, and declining public trust in formal financial institutions.⁷ While existing doctrinal scholarship has largely focused on regulatory compliance and institutional frameworks, this study introduces a novel functional perspective by interrogating whether banks are practically fulfilling their legally prescribed roles within a distressed economic environment.

Methodologically, the article adopts a qualitative doctrinal approach, supplemented by socio-legal analysis to contextualise the interaction between legal frameworks and economic realities. The structure of the article is as follows: it begins with a background to Zimbabwe’s banking crises, followed by a systematic examination of core banking functions under the Banking Act. The article concludes by proposing targeted reforms aimed at restoring the integrity and functionality of Zimbabwe’s banking sector, while outlining broader implications for financial system stability and economic recovery.

2. Background

From 2000 to date, the closure (or failure) of banks has been rampant in

³ Section 2 of the Reserve Bank of Zimbabwe Act 5 of 1999 (‘RBZ Act’).

⁴ Section 2 of the Banking Act; section 2 of the RBZ Act.

⁵ See sections 6 and 7 of the RBZ Act.

⁶ Ushewedu Kufakurinani et al., *Zimbos Never Die? Negotiating Survival in a Challenged Economy, c. 1990s to 2015*, Version 1 (University of Sussex, 2023), <https://hdl.handle.net/10779/uos.28016957.v1>.

⁷ Howard Chitimira, “The Challenges Affecting the Regulation and Supervision of Banks in Zimbabwe,” *EuroEconomica* 44, no. 2 (2025): 33–45.

Zimbabwe primarily due to chronic liquidity and solvency problems as a result of flawed corporate governance standards, inadequate risk management, gross abuse of depositors' funds, undercapitalisation and high levels of non-performing loans.⁸ For example, Unibank failed in 2000 due to the gross misuse of depositor's funds.⁹ In 2003, ENG Capital, First National Building Society (FNBS), Century Discount House and Barbican Bank failed due to the fraudulent provision of insider loans and other instances of the mismanagement of depositors' funds by its directors.¹⁰ In 2004, several banking institutions namely; First Mutual, Time Bank, Royal Bank, CFX Bank Limited, CFX Merchant Bank, Century Bank, Interfin Bank, United Merchant Bank, Royal Bank Zimbabwe Limited, Intermarket Banking Corporation Limited, and Intermarket Building Society ceased operations, largely as a result of pervasive bank fraud and significant deficiencies in corporate governance attributable to their directors and senior management.¹¹

Furthermore, in 2006, Sagit Finance House was closed by the Deposit Protection Corporation (DPC) on grounds of insolvency based on non-performing insider loans, gross mismanagement and poor corporate governance.¹² Fast-forward to 2012, Genesis Investment Bank voluntarily surrendered its licence due to its failure to raise the requisite minimum capital¹³ as required of banks by the Banking Act.¹⁴ In 2013, Trust Bank Corporation Limited was closed by the RBZ owing to abuse of depositors' funds and the violation of the Banking Act.¹⁵ Following the year 2014 and 2015, Tetrad Investment Bank, Allied Bank Limited and AfrAsia Bank Zimbabwe Limited closed due to their failure to timeously pay depositors as a result of the banks'

⁸ Shewangu. Dzumira, "Analysis of Bank Failures during Financial Tumult in Africa-Zimbabwe: A Historical Review," *Journal of Governance and Regulation* 3, no. 3 (2014): 77-78; Tinevimbo Santu Chokuda, Njabulo Nkomazana, and Wilford Mawanza, "A Bank Failure Prediction Model for Zimbabwe: A Corporate Governance Perspective," *Journal of Economics and Behavioral Studies* 9, no. 1 (2017): 207; Kudzanai Tsaurai, "The Dynamics, Challenges and Transition of Banking Sector Development in Zimbabwe," *The Journal of Developing Areas* 52, no. 3 (2018): 87.

⁹ Dzumira "Analysis of Bank Failures during Financial Tumult in Africa-Zimbabwe: A Historical Review" 77.

¹⁰ Howard Chitimira and Menelisi Ncube, "Towards Ingenious Technology and the Robust Enforcement of Financial Markets Laws to Curb Money Laundering in Zimbabwe," *PER / PELJ* 24 (2021): 7; Seedwell Sithole and Governor Mtetwa, "Bank Failures in Zimbabwe: Lessons from the 2003-2004 Bank-Wide Liquidity Crisis," *UNISWA Research Journal* 24 (2009): 46.

¹¹ Chitimira and Ncube, "Ingenious Technology and Enforcement," 7; Dzumira "Analysis of Bank Failures during Financial Tumult in Africa-Zimbabwe: A Historical Review" 77; Sithole and Mtetwa, "Bank Failures in Zimbabwe," 46.

¹² Deposit Protection Corporation, "Update on Closed Banks...", accessed March 14, 2024, <https://www.dpcorp.co.zw/update-on-closed-banks.html>; Srinivasa R. Rao, "A Review on Detection and Elimination of Corporate Financial Distress," *International Journal of Trend in Research and Development* 4, no. 5 (2017): 551; Solomon Samanhyia, Kofi Mintah Oware, and Frederick Anisom-Yaansah, "Financial Distress and Bankruptcy Prediction: Evidence from Ghana," *Expert Journal of Finance* 4 (2016): 53.

¹³ NewsDay, "Genesis Bank: The Genesis of Collapse," 2012; Charles Nyoka, "Banks and the Fallacy of Supervision: The Case for Zimbabwe," *Banks and Bank Systems* 10, no. 3 (2015): 9.

¹⁴ See section 29 of the Banking Act.

¹⁵ Deposit Protection Corporation, "Update on Closed Banks..."; David Foya and Garainesu Changunda, "An Investigation of Corporate Governance Challenges Facing Indigenous Banks in Zimbabwe," *International Journal of Research and Innovation in Social Science* 3, no. 10 (2019): 101.

liabilities exceeding their respective assets.¹⁶ In 2023, the Reserve Bank of Zimbabwe (RBZ) revoked the operating licence of AVIS Bank Limited, which had previously been authorised to function as a merchant bank in Zimbabwe.¹⁷ This follows the fact that AVIS Bank Limited, after being granted an operating licence as a merchant bank by the RBZ, failed to put in place requisite systems and structures for conducting banking business in accordance with the Banking Act in Zimbabwe.¹⁸ During these periods of bank failures, Zimbabwean banks were marked by long queues, as depositors, fearing the loss of their funds, a consequence that often materialised following bank closures, rushed to withdraw their money in anticipation of further institutional collapses.¹⁹ Consequently, public confidence in the banking sector has been significantly eroded.²⁰

In 2024, Ecobank Zimbabwe was the target of a major heist in which approximately US\$4 million was stolen.²¹ As of early 2026, extradition proceedings are underway in South Africa to return the accused individuals to Zimbabwe to face charges, following their reported flight to the neighbouring jurisdiction.²² Incidents of this nature have not only undermined public confidence in the Zimbabwean banking sector, but also exposed significant operational risk vulnerabilities within financial institutions.

On the other spectrum, Zimbabwe has experienced multiple episodes of currency reform over time, largely as a response to hyperinflation and broader banking and macroeconomic instability. Some authors have correctly termed this as a ‘fiscal or monetary policy indiscipline’.²³ Between 2006 and 2009, the RBZ introduced bearer

¹⁶ Mark Nyandoro, Tinotenda Dube, and Albert Makochehanwa, “Banking Institutions’ Survival Strategies and Financial Policies in a Challenging Economy,” in *Zimbos Never Die?: Negotiating Survival in a Challenged Economy, 1990s to 2015* (Leiden: Brill, 2023), 200, https://doi.org/10.1163/9789004547339_010; The Herald “Legal Proceedings Stall AfriAsia Bank liquidation” (2017) at <https://www.herald.co.zw/legal-proceedings-stall-afriasia-bank-liquidation/> (accessed 14 March 2026); Newman Wadesango, Charity Mhaka, Blessing Mugona, and Hilja Haufiku, “The Effects of Corporate Governance on Financial Performance of Commercial Banks in a Turbulent Economic Environment,” *Acta Universitatis Danubius. Economica* 16, no. 4 (2020): 166.

¹⁷ Reserve Bank of Zimbabwe “AVIS Bank Limited license cancellation November 2023” (2023) at https://www.rbz.co.zw/documents/press/2023/November/Public_Note_-_AVIS_Bank_Limited_License_Cancellation_November_2023_1.pdf (accessed 14 March 2026).

¹⁸ See sections 14 (1)(i) and section 15 of the Banking Act; Reserve Bank of Zimbabwe, “Cancellation of Banking Licence: AVIS Bank Limited,” November 21, 2023, https://www.rbz.co.zw/documents/press/2023/November/Public_Note_-_AVIS_Bank_Limited_License_Cancellation_November_2023_1.pdf (accessed March 14, 2026).

¹⁹ Jonathan Tembo, “Bank Failures in Zimbabwe: Evidence and Lessons, 2000–9,” in *Economic Management in a Hyperinflationary Environment: The Political Economy of Zimbabwe, 1980–2008*, ed. George Kararach and Raphael O. Otieno (Oxford: Oxford University Press, 2016), 139–156.

²⁰ Tembo, “Bank Failures in Zimbabwe,” 139–156.

²¹ Busani Maseko, “‘As Thick as Thieves’: Social Media Celebration of the Bulawayo Ecobank Robbers as Vicarious Dissent,” *Journal of Asian and African Studies* 61, no. 2 (2026): 1409.

²² Jonisayi Maromo, “Zimbabwe Pushes to Extradite Its Nationals from South Africa over US\$4 Million Bulawayo Heist,” *IOL*, 2026, <https://iol.co.za/news/crime-and-courts/2026-02-13-zimbabwe-pushes-to-extradite-its-nationals-from-south-africa-over-us4-million-bulawayo-heist/> (accessed 21 April 2026).

²³ Noell Machinjike and Bonga Wellington G., “Fiscal Discipline and Budget Processes: Evidence from Zimbabwe,” *International Journal of Research and Innovation in Social Science* 5, no. 2 (2021): 613; Gift

cheques and slashed zeros in the currency denominations in another attempt to bring relief to depositors due to the skyrocketing inflation that had befallen Zimbabwe.²⁴ In 2009, the multi-currency system was implemented.²⁵ In 2016, the RBZ reintroduced the local currency.²⁶ In 2018, the RBZ obliged banks to create separate Nostro Foreign Currency Accounts (FCAs) and Real Time Gross Settlement (RTGS) accounts in an effort to preserve the value for foreign currency earners and to boost market confidence.²⁷ In 2019, the multi-currency system was suspended and replaced by a new currency, the RTGS dollar Zimbabwean dollar (Z\$).²⁸ In 2020, the multiple currency system was reinstated as the Z\$ proved not to be effective in eradicating inflation.²⁹ In 2024, the RBZ introduced yet another currency, Zimbabwe Gold-Backed Digital Token (ZiG).³⁰ However, a significant proportion of Zimbabweans had already lost confidence in the local currency, notwithstanding the Reserve Bank of Zimbabwe's assertion that it was backed by approximately 2,522 kilogrammes of gold and about US\$100 million in foreign exchange reserves.³¹ Following its brief introduction, adverse effects had

Benzile Nyathi and Shynet Chivasa, "An Investigation into the Effect of Budget Deficit on the Economic Performance of Zimbabwe," *Development Southern Africa* 38, no. 4 (2021): 581.

²⁴ Gerhard Rösl and Franz Seitz, "Uncertainty, Politics, and Crises: The Case for Cash," *Latin American Journal of Central Banking* 5, no. 3 (2024): 9.

²⁵ Sinamatele Munacinga, "E-Payment Instruments and Welfare: The Case of Zimbabwe," *Journal for Transdisciplinary Research in Southern Africa* 17, no. 1 (2021): 4; Keith Jefferis, Gibson Chigumira, and Erinah Chipumho, "A Review of Zimbabwe's Optimum Future Currency Regime" (Zimbabwe Economic Policy Analysis and Research Unit, 2013), 2, due to the then prevalent tumultuous hyperinflation, the RBZ resolved to abandon the local currency in favour of five foreign currencies to be used as legal tender including the United States (US) dollar, the South African Rand, the Botswana Pula, the British Pound and the Euro. This period is also referred to as the 'dollarisation'.

²⁶ Smart Goodfriend, "Assessing Money Supply, Exchange Rate and Inflation Dynamics in Zimbabwe," *Interdisciplinary Journal of Educational Practice* 9, no. 1 (2022): 47; Darlington Mutanda, "Towards Transformative Reforms: The Significance of Political and Economic Reconciliation in Zimbabwe," *African Security Review* 32, no. 4 (2023): 411, the RBZ introduced bond notes in November 2016 as an export incentive to enhance foreign currency generation in the economy following the 2009 dollarisation period. Other scholars opine that there was US\$6 billion in depositor's accounts but then this money was 'raided' by the then governor of the RBZ, John Mangudya. To ameliorate this situation and cover up for the shortfall, bond notes were introduced. What followed was a fiscal 'indiscipline' by lack of economic investment but instead the creation of a myth that US dollar was equal to the introduced bond note without backing it with some reserve as would for any valuable currency globally to secure its value.

²⁷ Mutanda, "Transformative Reforms," 411, it is important to note that nostro is 'real' USD money, while RTGS accounts included digital balances and bond notes.

²⁸ Statutory Instrument 142/19; Chris Vasantkumar, "'Every Dollar Has Its Own Problem': Discrepant Dollars and the Social Topography of Fungibility in Multi-Currency Era Zimbabwe (2009–2019)," *Journal of Cultural Economy* 16, no. 6 (2023): 838; Chris Vasantkumar, "When the State Tries to Edit the Dictionary ... and Fails: The Return of the Zimbabwean Dollar," *Economy and Society* 51, no. 1 (2022): 75.

²⁹ Sharon Hofisi, Tapiwa Tubaya, and Belinda Bheka, "Zimbabweans under Humpty Dumpty Economics," *Economic Issues* 1, no. 2 (2022): 4.

³⁰ Reserve bank of Zimbabwe "Introduction of The Zimbabwe Gold-Backed Digital Token (ZiG) as a Means Of Payment (2024) at https://www.rbz.co.zw/documents/press/2023/October/Press_Statement-Introduction_of_ZiG_as_a_Means_of_Payment_-_5-10-2023.pdf accessed 23 April 2026.

³¹ Chris, Muronzi. "Zimbabwe's Currency ZiG-Zag," *Financial Mail*, April 18, 2024. <https://www.businesslive.co.za/fm/features/africa/2024-04-18-zimbabwes-currency-zig-zag/> (accessed April 23, 2026).

already manifested in the stock market, as the reported 330 per cent gains accumulated under the multi-currency regime of the 2020s up to early 2024, prior to the introduction of the ZiG, were subsequently eroded.³² In early 2026, the Reserve Bank of Zimbabwe unveiled the second series of ZiG banknotes, commonly referred to as the “BiG5” series, comprising five denominations. The initial rollout included ZiG10, ZiG20, and ZiG50 notes, with the ZiG100 and ZiG200 denominations scheduled for subsequent release.³³ Being introduced quite recently, the BiG5 series’ successes are yet to be seen. Besides, it comes to ease the currency shortages and it has come with it a new regime of bank withdrawal limitations with Cash withdrawal limits are set at ZiG10 000 per week for individuals and ZiG100 000 for corporates.³⁴ Additionally, this reform seeks to alleviate currency shortages and is accompanied by a new regime of cash withdrawal limits, capped at ZiG10,000 per week for individuals and ZiG100,000 for corporate entities.³⁵

Beyond the recurrent currency changes and the failure of numerous banking institutions outlined above, it is important to emphasise that most bank failures in Zimbabwe have been primarily driven by liquidity and solvency challenges. These challenges stem from, inter alia, weak corporate governance frameworks, inadequate risk management practices, the misuse of depositors’ funds, undercapitalisation, and high levels of non-performing loans. Collectively, these factors have significantly undermined the effective functioning of the banking sector in Zimbabwe. As a consequence, there has been a marked decline in public confidence in formal banking institutions among both formally and informally employed individuals, as well as corporate entities. This erosion of trust has further weakened the role of banks within the broader financial system. Against this backdrop, this article seeks to examine whether banking institutions in Zimbabwe continue to meaningfully perform their core statutory functions. Accordingly, the section that follows critically investigates the functions of banks as prescribed under the Banking Act,³⁶ with a view to assessing their continued viability in Zimbabwe’s prevailing economic context.

3. An Investigation into the Functions of Banks in Zimbabwe According to the Banking Act

Globally, banks have inherent functions which include collecting deposits from the public, providing loans to their customers, transferring of funds, issuing of drafts,

³² Ray Ndlovu, “Zimbabwe’s ZiG Wipes Out 330% Stocks Rally,” *Moneyweb*, April 23, 2024, <https://www.moneyweb.co.za/news/economy/zimbabwesi-zig-wipes-out-330-stocks-rally/> (accessed April 23, 2026).

³³ Online Reporter, “US\$1.3 Billion Reserves Back New ZiG Banknotes,” *The Herald*, April 7, 2026, <https://www.heraldonline.co.zw/us13-billion-reserves-back-new-zig-banknotes/>.

³⁴ Online Reporter, “US\$1.3 Billion Reserves.”

³⁵ Online Reporter, “US\$1.3 Billion Reserves.”

³⁶ See section 5 of the Banking Act.

and providing customers with locker facilities.³⁷ Even the first commercial bank to have operated in 1912 in Zimbabwe, that is, First Capital Bank Limited (formerly Barclays Bank of Zimbabwe Limited), had, as its primary function, the collection of deposits from the public.³⁸

Subsequently, its operations increased to include the transfer of funds upon requests by the depositors, provision of loans, and lockers for safe keeping of customers valuable.³⁹ To date, the Banking Act⁴⁰ prescribes all the functions of banks within the different classes in their respective registration certificates. Therefore, all the functions of banks to be discussed below appear on the relevant banks' registration certificate. The following functions of banks in Zimbabwe which follow below will be investigated in this article.

3.1. Receipt of Deposits⁴¹

Banks in Zimbabwe perform the fundamental function of accepting deposits from members of the public and acting as custodians of such funds, with corresponding obligations to safeguard these deposits and to repay them, either on demand or at a predetermined time, to the rightful depositors or their designated beneficiaries. Over the years, some incidences including the cash shortages have dazed this function of banks in Zimbabwe including currency or cash shortages which predates 2002 in Zimbabwe.⁴² These seem to have continued through 2009,⁴³ 2016,⁴⁴ 2019⁴⁵ to date. Predominantly, cash shortages in Zimbabwe during these periods were caused by, inter alia,

³⁷ Jeanne Gobat, "Banks: At the Heart of the Matter," *Finance & Development*, International Monetary Fund, accessed March 15, 2024, <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Banks>; see related discussion by Daniel Broby, "Financial Technology and the Future of Banking," *Financial Innovation* 7, no. 47 (2021): 2.

³⁸ Reserve Bank of Zimbabwe "Operating banking institutions" (date unknown) at <https://www.rbz.co.zw/index.php/regulation-supervision/regulation-supervision/banking-institutions/122-barclays-bank-of-zimbabwe-limited> (accessed 21 March 2026).

³⁹ Reserve Bank of Zimbabwe at <https://www.rbz.co.zw/index.php/regulation-supervision/regulation-supervision/banking-institutions/122-barclays-bank-of-zimbabwe-limited> (accessed 21 March 2026).

⁴⁰ See section 5(2)(a) of the Banking Act.

⁴¹ See section 7(1)(a) of the Banking Act.

⁴² Zachary Tambudzai and Martin Charumbira, "Cash Shortages in Zimbabwe: Any Prospect for Solutions?" *A Journal of the Midlands State University* 2, no. 1 (2006): 23; see related discussion by Mediel Hove, "Endangered Human Security in Cash-Strapped Zimbabwe, 2007–2008," *African Studies Quarterly* 17, no. 3 (2017): 45–70.

⁴³ Munacinga, "E-Payment Instruments and Welfare," 4; Jefferis, Chigumira, and Chipumho, *Zimbabwe's Optimum Currency Regime*, 2.

⁴⁴ Goodfriend, "Money Supply, Exchange Rate and Inflation," 45, 46.

⁴⁵ Smart Manda, "Assessing Money Supply, Exchange Rate and Inflation Dynamics in Zimbabwe," *Interdisciplinary Journal of Educational Practice* 9, no. 1 (2022): 155; Gabriel Mhonyera, Stein Masunda, and Daniel Francois Meyer, "Measuring the Pass-Through Effect of Global Food Price Volatility and South Africa's CPI on the Headline Inflation of Zimbabwe," *Cogent Food & Agriculture* 9, no. 1 (2023): 1–15; Goodfriend, "Money Supply, Exchange Rate and Inflation," 47.

hyperinflation.⁴⁶ Hyperinflation, which refers to a very high and typically accelerating inflation, has seen the erosion of the real value of money in Zimbabwe resulting in the inadequacy of the same amount of money to buy the same goods and services it would have in the past.⁴⁷ Consequently, since 2009, Zimbabwe has been using a multi-currency system, meaning, the use of both the local and foreign currencies listed above.⁴⁸ During these periods of cash shortages, banks have seen a depreciated level of cash deposits primarily due to fear by depositors that upon request of withdrawal, banks will not meet the demands for such.⁴⁹ In line with this, Magweva's⁵⁰ study establishes a nexus between lucrative interest rates on depositors as a positive promoter of deposit mobilisation in Bangladesh and Islamic nations. The study indicates that one of the primary factors driving increased deposit mobilisation by banks is the offering of higher interest rates on deposit.⁵¹

Although Shoko and Dube⁵² further suggest that more deposit mobilisation has a positive bearing on the banks' ability to provide more credit to its clients, it is also apparent that the depreciated deposits and savings, is informed by a low deposit interest rate offered by Zimbabwean banks despite high account maintenance fees.⁵³ As a consequence of hyperinflation in Zimbabwe, the RBZ's recurring response to cash shortages, the issuance of progressively higher-denominated bond notes and ZiG notes currently, seems to do little to restore confidence in the local currency. As a result, withdrawals in local currency have predominantly become minimal. Instead, there is a pronounced preference for transacting in foreign currency; however, such funds are seldom deposited within the banking system due to concerns over banks' ability to honour withdrawal requests, coupled with restrictions on foreign currency withdrawals imposed by most Zimbabwean banks to date.⁵⁴ In any event, there appears to be

⁴⁶ Kavila, William, and Pierre Le Roux. "The role of monetary policy in Zimbabwe's hyperinflation episode." *African Review of Economics and Finance* 9, no. 2 (2017): 139.

⁴⁷ Tambudzai and Charumbira, "Cash Shortages in Zimbabwe," 23.

⁴⁸ Amos Tendai Munzara and Lighton Dube, "The Impact of the Multicurrency System on Foreign Direct Investment Inflows to Zimbabwe," *JEPS* 1, no. 2 (2020): 13; Tinashe Nyamunda, "'Open for Business' but Bankrupt: Currencies, the 'New Dispensation' and the Zimbabwean Economy," *Journal of Asian and African Studies* 56, no. 2 (2021): 204–217.

⁴⁹ Rabson Magweva, "Multiple Currency System and Commercial Bank Deposit Mobilisation in Zimbabwe," *African Journal of Business and Economic Research* 18, no. 1 (2023): 47, Magweva aptly captures this depreciated level of deposits in Zimbabwean banks over the years as a 'bank liquidity' challenge which denotes that depositor are concerned with the liquidity position of commercial banks this determines the banks' ability to meet their dues which are normally on demand or short notice.

⁵⁰ Magweva, "Multiple Currency System and Deposit Mobilisation," 47.

⁵¹ Magweva, "Multiple Currency System and Deposit Mobilisation," 47.

⁵² Jonathan Shoko and Stanford Dumisile Gobodi Dube, "The Relationship between Financial Sector Development and Savings Mobilisation in Zimbabwe," *JournalNX* 6, no. 9 (2021): 111.

⁵³ Phillip Tatenda Gwatiringa, "Banking Sector Profitability through Investigation of Financial Performance Indicators: The Case of Zimbabwe," *IOSR Journal of Business and Management (IOSR-JBM)* 22, no. 7 (2020): 22–30; Simbarashe Machirinani, Twoboy Shoko, Jonathan Shoko, Stanford Dumisile Gobodi Dube, and Thabani Nyoni, "Evaluating the Effectiveness of the Macroprudential Policy and Its Interaction with Monetary Policy in Zimbabwe (2009–2017)," *International Journal of Economics, Business and Management Studies* 7, no. 4 (2020): 18.

⁵⁴ Machirinani et al., "Macroprudential Policy and Monetary Policy," 17–39.

approximately 90 per cent employment rate in Zimbabwe.⁵⁵ Of this 90 per cent, 75 per cent of the people are informally employed.⁵⁶

It is safe to say that most people who use the traditional banks do as they are formally employed either by private companies or the government and thus, their salaries are deposited into formal bank accounts.⁵⁷ Those engaged in the informal sector do not necessarily need the traditional banks to make financial transactions especially with the rampant uptake of mobile money financial services in Zimbabwe.⁵⁸ With the bulk of the population engaged in the informal sector, banks in Zimbabwe are slowly losing their deposit taking function. Also, with the bank failures of the past, which were also due to inflation, most depositors have not been compensated to date.⁵⁹ This has primarily been caused by the inadequate financial capacity of the DPC to sufficiently pay all depositors whose money was lost in the historic bank failure period in Zimbabwe.⁶⁰ These historic losses have increased a mistrust of banks as a means of saving in Zimbabwe. In other words, even customers who receive their salaries through the formal banks would rather withdraw their funds immediately, convert it to foreign currency whose value does not deteriorate like the Zimbabwean currency.⁶¹ In addition to this, most persons in Zimbabwe prefer to save in foreign currency and in hard cash.⁶² Therefore, the taking of deposits by banks is slowly losing popularity in Zimbabwe.

In light of the foregoing, Zimbabwean banks ought to incentivise deposit mobilisation through the offering of competitive interest rates, alongside reconsidering restrictive foreign currency withdrawal limits, in order to effectively retain their

⁵⁵ Aaron O'Neill, "Unemployment rate in Zimbabwe 2022" (2024) at <https://www.statista.com/statistics/809092/unemployment-rate-in-zimbabwe/> (accessed 19 March 2026).

⁵⁶ Rodas AP & Alas CD "Social protection approaches to increasing welfare among the informally employed: The case of Zimbabwe" (2023) at <https://blogs.worldbank.org/en/african/social-protection-approaches-increasing-welfare-among-informally-employed-case-zimbabwe> (accessed 20 March 2026).

⁵⁷ See related discussion by Richard Chamboko, "On the Role of Gender and Age in the Use of Digital Financial Services in Zimbabwe," *International Journal of Financial Studies* 10, no. 3 (2022): 12.

⁵⁸ Howard Chitimira and Menelisi Ncube, "The Prospects and Challenges for Mobile Money Regulation and the Promotion of Financial Inclusion in Zimbabwe," in *Financial Inclusion and Digital Transformation: Regulatory Practices in Selected SADC Countries (South Africa, Namibia, Botswana and Zimbabwe)*, ed. Howard Chitimira and Tapiwa Warikandwa (Cham: Springer, 2023), 126.

⁵⁹ Rutendo Matinyarare, "Do Banks Owe Zimbabweans for Losing Their Savings to 2008 Hyperinflation?" *Sunday Independent*, 2024, <https://www.iol.co.za/sundayindependent/politics/do-banks-owe-zimbabweans-for-losing-their-savings-to-2008-hyperinflation-8a548ca9-3155-4f72-bc8e-35841addf541> (accessed March 25, 2026).

⁶⁰ Matinyarare, "Do Banks Owe Zimbabweans?"

⁶¹ According to Vasantkumar, (2023) at 840, a social media post of a person who was based outside of Zimbabwe who had visited the country read, 'When I was recently in Zimbabwe and tried to use USD to buy groceries, I was quickly given a lecture by relatives and friends that this is not how to do business in Zimbabwe. The USD was not to be given away just like that. It is the most valuable & a reliable store of value.' This statement succinctly captures the public's sentiment of preference of the USD over the RTGS. In other words, this forced equal parity of the local currency and the USD by the RBZ governor was miscalculated and a poor monetary policy.

⁶² Enock Takudzwa Zenda, Austin Musundire, and Obediah Mumanyi, "The Impact of Organisational Change Management Theoretical Perspective in the Context of Zimbabwe's Cash Crisis on Small to Medium Enterprises and Their Consequent Adaptation Strategies," *International Journal of Science and Research* 9, no. 8 (2018): 1263.

deposit-taking function. The mobilisation of deposits is critical to the promotion of economic growth. In this regard, banks perform a pivotal role as financial intermediaries by facilitating the flow of funds between deficit units, economic agents whose expenditure exceeds their income, and surplus units, those whose income exceeds their expenditure.⁶³ Through this intermediation process, banks are able to extend credit to borrowers while providing returns to savers. This dynamic is essential for the efficient management of money supply and liquidity within the economy, as opposed to reliance on monetary expansion through currency issuance, a practice historically associated with the RBZ and one that has contributed to recurrent hyperinflationary pressures.⁶⁴

3.2. Extension of Credit⁶⁵

Banks in Zimbabwe have an inherent function of extending credit to natural and juristic persons in the form of, for example, consumer and mortgage credit.⁶⁶ Closely linked to this function is the provision of credit references by banks to their customers, upon request.⁶⁷ As previously discussed in the foregoing paragraph, banks play a pivotal role of transforming savings into investments.⁶⁸ However, this state of affairs is reliant on the timely payment of the loans with the agreed interest rates. In other words, the failure by the natural or juristic person to whom a loan has been provided by a bank leaves the bank at an operational loss resulting from this ‘non-performing loan’ (NPL) or ‘bad loan.’⁶⁹ Therefore, there ought to be a fine balance between the provision of credit by banks and proper credit assessment in order to guard against defaults in loan repayments.

It appears that a bulk of banks in Zimbabwe generally require that a natural person seeking a loan must be able to provide and/or prove: the completed loan application form; proof of income; national identity (ID) document, a most recent proof of residence.⁷⁰ For a business, additional requirements including the following are required: audited financial statements; management accounts; cash flow forecast for the term of the facility; business profile; certificate of incorporation; memorandum &

⁶³ Upenyu Sakarombe and Lloyd Badze, “Financial Intermediation and Fixed Capital Formation in Zimbabwe,” *Eurasian Journal of Economic and Business Studies* 67, no. 4 (2023): 91.

⁶⁴ Nyandoro, Dube, and Makochehanwa, “Banking Institutions’ Survival Strategies,” 237.

⁶⁵ See section 7(1)(b) of the Banking Act.

⁶⁶ See section 7(1)(b) of the Banking Act.

⁶⁷ Section 7(1)(m) of the Banking Act.

⁶⁸ Nigina Djurakulovna Sharipova and Sabina Djakhongirovna Asadova, “The Role of Banks in the Modern Monetary System,” *Procedia of Theoretical and Applied Sciences* 6 (2023): 58; Mahdi Salehi, “The Role of Financial Intermediaries in Capital Market,” *Zagreb International Review of Economics & Business* 11, no. 1 (2008): 98.

⁶⁹ Muhammad Asif Khan, Asima Siddique, and Zahid Sarwar, “Determinants of Non-Performing Loans in the Banking Sector in Developing State,” *Asian Journal of Accounting Research* 5, no. 1 (2020): 136; Wellington Garikai Bonga, Givemore Chirenje, and Providence Mugayi, “Analysis of Credit Culture in the Zimbabwean Banking Sector,” *DRJ-Journal of Economics & Finance* 4, no. 2 (2019): 46.

⁷⁰ Stanbic Bank, “Unsecured Personal Loan,” accessed March 25, 2024, <https://www.stanbicbank.co.zw/zimbabwe/personal/products-and-services/borrow/personal-loans/fixed-term-loan>; Standard Chartered Bank, “Personal Loan,” accessed March 25, 2026, <https://www.sc.com/zw/personal-banking/loans/en/>.

articles of association and a tax clearance certificate.⁷¹ After a careful consideration of the above requirements, based on whether the person is natural or juristic, banks may decide or refuse a loan application in Zimbabwe, just like in other countries globally.

From around 2000 to date, Zimbabwe has undergone a period of bank failures resulting from NPLs and as such, this position has affected banks' profitability and eagerness to provide loans and the stability of the banking sector in Zimbabwe.⁷² This predicament is aptly captured by Bonga et al,⁷³ who argue that, 'banks are usually faced with a prisoner's dilemma. The balance between the need to charge high interest rates and the restriction of the number of loans with high probability of defaulting is normally a big challenge.'

In a study conducted by Katuka et al⁷⁴ during the dollarization period (2009 to 2017), it was established that NPLs negatively impact banking industry stability, loan growth, and economic performance in the short run. As a result, Katuka et al⁷⁵ proposes that monetary authorities should design policies to timeously curb NPLs in the banking industry and periodically monitor the quality of individual bank loan portfolios.⁷⁶

In a study conducted by Chikwereti et al⁷⁷ during the dollarization period, it was found that the collateral often required by banks in order to provide credit/loans was deterrent to most small to medium enterprises (SMEs). This is informed by the fact that most SMEs in Zimbabwe lack valuable tangible assets which are used as assets to secure credits.⁷⁸ Additionally, SMEs often require longer periods for repayment in order to utilise the funds borrowed for lengthier and most likely, for more profit acquisition.⁷⁹ Furthermore, there has been the prevalence of politically directed loans to failing businesses as a result of corruption and fraudulent practices by banking personnel which has contributed to higher incidences of NPLs in Zimbabwe over the years.⁸⁰

Apart from the above discussed, the researcher believes that monetary policy inconsistencies by the RBZ from 2000 to date have played a significant role in, inter alia, the accumulation of NPLs for both natural and juristic persons in Zimbabwe.⁸¹

⁷¹ Stanbic Bank, "Term Loans," accessed March 25, 2026, <https://www.stanbicbank.co.zw/zimbabwe/business/products-and-services/borrow/loans/Term-Loans>; Standard Chartered Bank, "Loans," accessed March 25, 2024, <https://www.sc.com/zw/business-banking-sme/working-capital/loans/en/>; see also CBZ Holdings, "Short to Medium Term Loans," accessed March 25, 2026, <https://www.cbz.co.zw/borrowing/short-medium-term-loans/>.

⁷² Blessing Katuka, Calvin Mudzingiri, and Edson Vengesai, "The Effects of Non-Performing Loans on Bank Stability and Economic Performance in Zimbabwe" (MPRA Paper, Munich Personal RePEc Archive, 2023), 382; Katuka, Mudzingiri, and Vengesai, "Non-Performing Loans and Bank Stability," 382.

⁷³ Bonga, Chirenje, and Mugayi, "Credit Culture in Zimbabwean Banking Sector," 45.

⁷⁴ Katuka, Mudzingiri, and Vengesai, "Non-Performing Loans and Bank Stability," 404.

⁷⁵ Katuka, Mudzingiri, and Vengesai, "Non-Performing Loans and Bank Stability," 404.

⁷⁶ Katuka, Mudzingiri, and Vengesai, "Non-Performing Loans and Bank Stability," 404.

⁷⁷ Serepia Chikwereti, David Foya, Douglas Muyeche, "SMEs Access to Credit: The Case for Zimbabwe 2009–2017," *Global Scientific Journal* 10, issue 5 (2022): 781, https://www.globalscientificjournal.com/researchpaper/SMEs_access_to_credit_The_case_for_Zimbabwe_2009_2017_.pdf.

⁷⁸ Chikwereti, Foya, and Muyeche, "SMEs Access to Credit," 781.

⁷⁹ Chikwereti, Foya, and Muyeche, "SMEs Access to Credit," 781.

⁸⁰ Tsaurai, "Banking Sector Development in Zimbabwe," 89.

⁸¹ International Trade Administration, "Market Challenges," 2024, <https://www.trade.gov/country-commercial-guides/zimbabwe-market-challenges> (accessed March 25, 2026).

Primarily, this position is informed by the government of Zimbabwe's frequent pattern of currency changes, introducing and re-introducing ad hoc trade restrictions, such as exchange controls and local content policy to protect inefficient domestic producers which often makes business difficult for the private sector.⁸² It has often been difficult for business including the SMEs to cope with the inconsistent financial market policies implemented by the government of Zimbabwe. Owing to this, it has often been challenging for SMEs and natural persons to obtain credit and keep up with repayments especially in an environment of Zimbabwe presented above.

3.3. Buying and Selling Instruments⁸³

The most common examples of financial instruments include stocks, exchange-traded funds (ETFs), mutual funds, real estate investment trusts (REITs), bonds, derivatives contracts (such as options, futures, and swaps), checks, certificates of deposit (CDs), bank deposits, and loans. The economic challenges which have been faced by Zimbabwe from 2000 to date have had a negative bearing on the trading of instruments on the part of Zimbabwe through the Zimbabwe Stock Exchange (ZSE).⁸⁴ As an example, the establishment of the Government of National Unity in Zimbabwe (GNU) in 2009 between the Zimbabwe African National Union – Patriotic Front (ZANU PF) and Movement for Democratic Change (MDC) was mired in a constant bickering between the two political parties and did not bring about the much-needed

⁸² According to Howard Chitimira and Menelisi Ncube, "The Regulatory Nexus between Corporate and Financial Markets Law in Promoting Economic Growth and Viable Financial Markets in Zimbabwe," *Interdisciplinary Journal of Economics and Business Law* 10 (2021): 110, the Zimbabwe has been implementing a number of corporate and/or financial markets laws as well as related economic policies aimed at, inter alia, promoting economic growth. However, these corporate laws and financial markets-related laws and policies that have been flawed and inconsistently enforced by the relevant authorities in Zimbabwe. These policies include the Fast-Track Land Reform Program (FTLRP) of 2000, which was aimed at boosting agricultural production in Zimbabwe through the introduction of 51 000 native farmers. However, due to, inter alia, poor skills and lack of sufficient resources, most communal farmers who took over the agricultural land of Zimbabwe were not productive resulting in a sharp decline in food production and trade. In 2001, the GOZ launched the Millennium Economic Recovery Programme (MER) aimed at economic recovery through price stabilisation and exchange rate stabilisation. By the end by the end of 2003, the GDP had negatively declined and worsened. Resultantly, the MER failed. Between 2006 and 2008, exchange rates in the stock markets became unpredictable due to high inflation and the devaluation of the Zimbabwean dollar. The RBZ responded by issuing bearer cheques and slashing zeros on the Zimbabwean dollar whose denominations had plummeted to amongst the worst ever recorded globally. Furthermore, between 2006 and 2009, the RBZ introduced various lending programs for agricultural purposes such as the Agricultural Sector Productivity Enhancement Facility (ASPEF) which equally failed due to the inadequacy of funds and corruption. Between 2009, the RBZ introduced dollarization followed by its abolishment in 2019 after inflation had plummeted again.

⁸³ Section 7(1)(c) of the Banking Act.

⁸⁴ According to Tariro Chivige and Johannes P. S. Sheefeni, "Foreign Exchange Rate and Inflation in Zimbabwe: 2009–2019," *FORCE: Focus on Research in Contemporary Economics* 3, no. 2 (2022): 415, the loss of control of its monetary policy of Zimbabwe through dollarization in 2009 deprived Zimbabwe of monetary and exchange rate instruments to react to asymmetric shocks as well as fluctuations in the business cycle not in line with the anchor country.

economic reforms to resuscitate the Zimbabwean economy.⁸⁵

This state of affairs diminished the confidence of the international community, thereby isolating Zimbabwe from trading with other countries including South Africa.⁸⁶ This position was exacerbated by the implementation of the Indigenization and Economic Empowerment Act 14 [Chapter 14:33] of 2008, which advocated for the restriction of foreign ownership of companies to 49 per cent, drastically reducing foreign participation on the ZSE.⁸⁷ As a result of this, Zimbabwe has been restricted from access to international capital flows.⁸⁸ Consequently, Zimbabwean banks have had a limited functionality in optimally providing the buying and selling of instruments function which could be very profitable and perhaps a remedy to the economic challenges facing Zimbabwe to date. There is a need for the government of Zimbabwe to rework its policies and promote a robust participation by various international stakeholders in the ZSE in order to retain this functionality of Zimbabwean banks and increase profitability.

3.4. Provision of Money Transmission Services⁸⁹

Closed linked to the function of deposit taking discussed above, banks in Zimbabwe have the inherent function of providing the transmission of money services.⁹⁰ Equally, the use of banks for the transmission of money services has also declined over the years. This position stems from the largely informal economy which relies on the mobile money transmission services⁹¹ and a mistrust of the formal banks owing to currency speculations and the historic losses which were experienced by most Zimbabwean financial consumers when banks failed.⁹² However, people in Zimbabwe still use banks for money transmission but not as the preferred mode of storing value. Amid cash crises experienced in the said years Zimbabwe, mobile money gained prominence in Zimbabwe.⁹³

The main providers of mobile money services in Zimbabwe are Ecocash, Onemoney and are provided by mobile network operators like Econet, Telone and Telecel.⁹⁴ In simple terms, money is transferred into a mobile users' number and

⁸⁵ Kudakwashe Nyakurukwa, "Information Flow Between the Zimbabwe Stock Exchange and the Johannesburg Stock Exchange: A Transfer Entropy Approach," *Organizations and Markets in Emerging Economies* 12, no. 2 (2021): 372.

⁸⁶ Nyakurukwa, "Information Flow Between ZSE and JSE," 372.

⁸⁷ Nyakurukwa, "Information Flow Between ZSE and JSE," 372.

⁸⁸ Nyakurukwa, "Information Flow Between ZSE and JSE," 372.

⁸⁹ Section 7(1)(d) of the Banking Act.

⁹⁰ Section 7(1)(d) of the Banking Act.

⁹¹ See discussion by Stanley Tsarwe and Admire Mare, "Mobile Phones, Informal Markets and Young Urban Entrepreneurs in Zimbabwe: An Exploratory Study," *Area Development and Policy* 6, no. 3 (2021): 355.

⁹² Tembo, "Bank Failures in Zimbabwe," 140.

⁹³ See Chitimira and Ncube, "Mobile Money Regulation and Financial Inclusion," 126.

⁹⁴ Howard Chitimira and Elfaz Torerai, "The Nexus between Mobile Money Regulation, Innovative Technology and the Promotion of Financial Inclusion in Zimbabwe," *Potchefstroom Electronic Law*

thereafter, transactions are done on the mobile service linked with the number to another user. To date, the transmission of money is mostly orchestrated using mobile money than the traditional banks and their digital payments system in Zimbabwe.⁹⁵ Some evidence from informal traders suggests that even when some clients pay informal traders using bank transfers, they simply transfer the money into their mobile wallets.⁹⁶ The researcher opines that the RBZ ought to exercise caution henceforth in its implementation of monetary policies, especially those, which have been poor, inconsistent and dire to the economy of Zimbabwe. Such flawed monetary policies have diminished the trust of the traditional banking channels in Zimbabwe, yet banks are globally lauded for turning savings into investments thereby promoting economic growth. In as much as the genesis of mobile money services has promoted the swift and reliable transmission of money in Zimbabwe, this inherent function of banks ought to be guarded against extinction for the importance highlighted above.

3.5. Buying and Selling Foreign Currencies⁹⁷

Zimbabwean commercial banks, like any global commercial banks, have an inherent function of the buying and selling of foreign currencies.⁹⁸ Following Zimbabwe's unprecedented economic downturn in around 2008 and the resurgence of informal trading activities, informal foreign currency dealings emerged.⁹⁹ Primarily, most of these informal traders engaged in these practices as a means of economic survival. Besides this state of affairs, foreign exchange is regulated by the Zimbabwe Exchange Control Act 62 [Chapter 22:05] of 1964 which obliges people and companies in Zimbabwe to exchange their foreign currency at the RBZ and at a rate determined by it. Impliedly, commercial banks in Zimbabwe follow a similar rate in the buying and selling of foreign currency in Zimbabwe. However, the foreign exchange rate that has been offered by the RBZ over the historic years has always been lower than the rate offered by the informal foreign currency traders.¹⁰⁰ Therefore, the informal trade of

Journal PER / PELJ 24, no. 1 (2020): 3; Alexander Maune, Gerald M. Nyakwawa, and Tinashe Magara, "Financial Inclusion: A Review of Mobile Money Interoperability in Zimbabwe," *Acta Universitatis Danubius. Economica* 18, no. 6 (2022): 330–335.

⁹⁵ FinMark Trust, "The Evolution of Mobile Money in Zimbabwe," February 6, 2024, https://finmark.org.za/Publications/The_Evolution_of_Mobile_Money_in_Zimbabwe.pdf (accessed March 26, 2024).

⁹⁶ Tsarwe and Mare, "Mobile Phones and Informal Markets," 355.

⁹⁷ Section 7(1)(e) of the Banking Act.

⁹⁸ Section 7(1)(e) of the Banking Act.

⁹⁹ B. Dzawanda et al., "Livelihood Outcomes of Informal Cross Border Traders Prior to the Rise of the Virtual Cash Economy in Gweru, Zimbabwe," *Journal of Borderlands Studies* 38, no. 1 (2023): 79; see related discussion by Whitehead Zikhali, "Changing Money, Changing Fortunes: Experiences of Money Changers in Nkayi, Zimbabwe," *Canadian Journal of African Studies / Revue canadienne des études africaines* 56, no. 1 (2022): 202.

¹⁰⁰ See related discussion by Juniours Marire, "Reexamination of Parallel Foreign Exchange and Real Estate Markets, Inflation and Monetary Policy Nexus in Zimbabwe, 1998–2007," *Journal of Economics and Sustainable Development* 11, no. 10 (2020): 120; Innocent Moyo, "Resistance and Resilience by Informal Traders in Bulawayo, Zimbabwe: Beyond Weapons of the Weak," *Urban Forum* 29, no. 3 (2018): 311.

foreign currency thrived and continues to, as people shun the official rate of the RBZ which is often lower than what the informal traders would.¹⁰¹ As a result, there are few if any, persons who buy and/or sell their foreign currency through the official banks. Hence, there is a need for the RBZ to exercise discipline in its monetary policies so that persons in Zimbabwe prefer the official exchange rates over the informal ones. In other words, due to the lack of value for the ZWL, the informal markets are bound to always inflate the rates in order to attract customers for their foreign exchange system.¹⁰² The RBZ needs to implement robust measures which will augment monetary discipline, consistency and make it lucrative for the ordinary person to prefer the banks as a means for foreign currency exchange. Left unguarded, this function of banks in Zimbabwe will remain extinct. This state of affairs is dire in that the informal trade system does not retain any foreign investor confidence. As a result, the economy of Zimbabwe will remain in a dire position.

3.6. Issuance and Administration of the Means of Payment, Including Credit Cards, Travellers' Cheques and Bankers' Drafts¹⁰³

Zimbabwean banks have an inherent function of issuing and administering means of payment which include credit cards, travellers' cheques and banker's drafts.¹⁰⁴ However, according to Simatele and Mbedzi, credit cards are rarely issued and used in Zimbabwe.¹⁰⁵ Mugari and Olutola agree with Sinamatele and Mbedzi and further add that the rare issuance and use of credit cards in Zimbabwe is largely due to the risk factors associated with credit cards.¹⁰⁶ However, Mugari and Olutola do not proffer the underpinning for the risk factors associated with the issuance and use of credit cards in Zimbabwe. The author, in this regard, argues that since credit cards allow its users to purchase goods or services or withdraw cash on credit, the high NPLs in Zimbabwe have caused banks to exercise stringent measures and reluctance on granting credit in the form of credit cards as discussed in paragraph IV b).

¹⁰¹ See related discussion by Lilian Gumbo et al., "The Effect of Exchange Rate Fluctuations on Bank Profitability in Zimbabwe," *Global Scientific Journal* 10, no. 6 (2022): 798; Garikai Dzomam "Official and Unofficial Market Exchange Rates—March 2024." 2024. <https://zimpricecheck.com/price-updates/official-and-black-market-exchange-rates/>, the rate for USD to ZWL at the time of the writing of this article, official rate for buying/selling by the RBZ, 1USD = 21 709.83ZWL while the selling rate at the unofficial (informal), 1USD = 32 000.00ZWL. Against this background, the informal markets remained favoured by the people in Zimbabwe as they offer more.

¹⁰² See Simbarashe Gukurume. "The Politics of Money Burning and Foreign Currency Exchange in Zimbabwe: A Case Study of Mucheke Residents in Masvingo." *Journal of Sustainable Development in Africa* 12, no. 6 (2010): 62–73; see also related discussion by Tinashe Nyamunda, "'Open for Business' but Bankrupt: Currencies, the 'New Dispensation' and the Zimbabwean Economy," *Journal of Asian and African Studies* 56, no. 2 (2021): 209.

¹⁰³ Section 7(1)(f) of the Banking Act.

¹⁰⁴ Section 7(1)(f) of the Banking Act.

¹⁰⁵ Munacinga Simatele and Edson Mbedzi, "Consumer Payment Choices, Costs, and Risks: Evidence from Zimbabwe," *Cogent Economics & Finance* 9, no. 1 (2021): 10.

¹⁰⁶ Mugari I and Olutola AA "Electronic card payment risks: combating card fraud amidst liquidity crisis in Zimbabwe" (2021) *African Journal of Business and Economic Research* 287-304 at 298.

According to Nyamunda,¹⁰⁷ just before dollarisation, when Zimbabwe had reached hyperinflation, the government of Zimbabwe introduced various currency forms such as agro-cheques and travellers' cheques whose results were futile leading to a currency muddle. Travellers' cheques have ceased to be fashionable in Zimbabwe for the purposes of travelling into other countries as proof of finance for the traveller's sustenance in the foreign country. Especially for travelling to South Africa, since 2009, Zimbabweans are granted a 90-day visitors international stay admission (VISA) which does not require any traveller's cheque unlike previously where they were required, inter alia, to provide a two-thousand-rand worth traveller's cheque.¹⁰⁸ Before then, atleast, travellers would require travellers' VISAs and by implication, would need to secure them with Zimbabwean banks. To date, there is limited literature on traveller's cheques in Zimbabwe. Accordingly, there is limited functionality of Zimbabwean banks in issuing travellers' cheques.

4. An Investigation into the other Functions of Banks in Zimbabwe According to the Banking Act

Because this article is anchored on discussing all the functions of banks in Zimbabwe as per the Banking Act, some functions have limited literature, which may be due to the fact that they have become unpopular and redundant to the Zimbabwean context, yet they are worth noting. This state of affairs, perhaps, provokes opportunities for future empirical research in these functions of Zimbabwean banks. The following are the functions:

- **money broking** - As per the Banking Act, Zimbabwean banks may also function as money brokers.¹⁰⁹ Money brokering means the effecting of a money lending transaction directly between a lender and a deposit-taking institution as borrower through the intermediation of a money broker.¹¹⁰ Closely linked to this function is the buying and selling of shares on behalf of customers by banks in Zimbabwe.¹¹¹ There is limited literature on money broking by Zimbabwean banks as previously mentioned above.

- **custodial and administration of valuable of customers** - Zimbabwean banks may also function as custodians and administrators of valuable of their customers including securities.¹¹² Generally, banks may keep in their safe custody including jewellery, documents, personal effects and other small items.¹¹³ Numerous banks still carry out this function in Zimbabwe including, inter alia, CABS, Central bank of

¹⁰⁷ Nyamunda, "'Open for Business' but Bankrupt," 205.

¹⁰⁸ Sandisiwe Ncube and Christine Hougaard, "So Near Yet So Far? Assessing the 90 Day Permit for Zimbabwean Migrants as a Remittances Financial Inclusion Tool" (Bellville: Centre for Financial Regulation and Inclusion, University of Stellenbosch Business School, 2010), 2.

¹⁰⁹ Section 7(1)(g) of the Banking Act.

¹¹⁰ See related definition as per section 1(xxiii) of the Deposit-Taking Institutions Act 94 of 1990.

¹¹¹ Section 7(1)(l) of the Banking Act.

¹¹² Section 7(1)(h) of the Banking Act.

¹¹³ See CABS, "CABS Safe Deposit Box Facility," accessed March 27, 2026, <https://www.cabs.co.zw/sme-banking/facilities/cabs-safe-deposit-box-facility>.

Zimbabwe (CBZ)¹¹⁴ and First Capital Bank.¹¹⁵ However, considering the dire economic conditions prevalent in Zimbabwe and the majority of people being engaged in the informal sector, the wide use of this service is questionable.

- providing services as a portfolio manager or adviser or financial agent or consultant – According to the Banking Act,¹¹⁶ banking institutions may at times, provide financial advice services to their banking customers. Likewise, these services are still provided by, inter alia, ZB Financial Holdings,¹¹⁷ Old Mutual Zimbabwe¹¹⁸ and CBZ.¹¹⁹ There is limited literature on the use of these services by most banking clients in Zimbabwe.

- financial leasing – Banks in Zimbabwe have the jurisdiction of providing financial leasing services.¹²⁰ In other words, banks may buy assets (movable and immovable) on behalf of their customer and lease them for an agreed period such that once this period expires, you have the customer has the option of gaining outright ownership of the assets.¹²¹ Similarly, there is limited literature on the use of this banking service which may suggest the abandonment of financial consumers in Zimbabwe from utilising this service.

- entering into or taking cession of hire-purchase contracts – In addition to the above, banks in Zimbabwe may provide hire purchase services including entering into them or taking cession. These are regulated by the Hire Purchase Act 34 [Chapter 14:09] 1956. In a hire purchase contract, goods are sold subject to the condition that even if the goods are delivered, the ownership does not pass to the purchaser until the full purchase price has been paid.¹²² In other words, they still belong to the seller who is leasing them, unless there is an agreement to the contrary, where ownership may pass before completion of payment.¹²³ As a hire-purchase contract is a credit facility, the researcher submits that banks are reluctant to provide such especially due to the historic

¹¹⁴ CBZ Holdings, “Custodial Services” (date unknown) at <https://www.cbz.co.zw/custodial-services/> accessed 28 March 2024.

¹¹⁵ First Capital Bank, “Business Conditions Effective 15 November 2023,” accessed March 28, 2026, <https://www.firstcapitalbank.co.zw/wp-content/uploads/2023/11/Business-Conditions-Effective-November-2023.pdf>.

¹¹⁶ Section 7(1)(i) of the Banking Act.

¹¹⁷ ZB Financial Holdings “Corporate Finance & Advisory Services” (date unknown) at <https://www.zb.co.zw/zbcapital/financial-advisory-services> (accessed 28 March 2024).

¹¹⁸ Old Mutual Zimbabwe, “What Is Financial Planning and Advice?” accessed March 28, 2026, <https://www.oldmutual.co.zw/personal/financial-planning-and-advice/>.

¹¹⁹ Old Mutual Zimbabwe. “What Is Financial Planning and Advice?” Accessed March 28, 2026. <https://www.oldmutual.co.zw/personal/financial-planning-and-advice/>.

¹²⁰ Section 7(1)(j) of the Banking Act.

¹²¹ See Stanbic Bank Zimbabwe, “Finance Lease,” accessed March 28, 2024, <https://www.stanbicbank.co.zw/zimbabwe/business/products-and-services/borrow/loans/Finance-Lease>; First Capital Bank, “Leasing,” accessed March 28, 2026, <https://www.firstcapitalbank.co.zw/business/lending-facilities/leasing/>; African Century Limited, “Leasing,” accessed March 28, 2026, https://www.africancentury.co.zw/banking/businessbanking/corporate_banking; FBC Bank Limited, “Lease Financing,” accessed March 28, 2026, <https://fbc.co.zw/banking/corporate-institutional-banking/lease-financing>.

¹²² NewsDay, “Hire Purchase Agreements: The Good and the Bad,” 2017, <https://www.newsday.co.zw/columnists/article/81270/hire-purchase-agreements-the-good-and-the-bad> (accessed March 28, 2026).

¹²³ NewsDay, “Hire Purchase Agreements.”

NPLs and the unstable economy of Zimbabwe. Some stores like TV Sales & Hire provide such services to customers in Zimbabwe although at high interest rates. There is a quite a limited number, if any, of persons who utilise this service offered by banks in Zimbabwe.

5. Conclusion and Recommendations

This article has demonstrated that the core statutory functions of banking institutions in Zimbabwe namely; deposit-taking, credit intermediation, money transmission, foreign exchange trading, and custodial services, have been significantly undermined over the period 2000–2026. The findings reveal that persistent hyperinflation, recurrent bank failures, weak corporate governance, and inconsistent monetary policies have collectively eroded public confidence in formal banking institutions. As a result, there has been a marked decline in deposit mobilisation, limited credit extension, and a shift towards informal financial systems, including mobile money platforms and parallel foreign exchange markets. Consequently, the functional relevance of banks, as envisaged under the Banking Act, has been substantially diminished, thereby weakening their contribution to economic growth and financial stability.

In terms of the exploitation of the research results, this study underscores the urgent need for a recalibration of Zimbabwe's financial regulatory and monetary policy framework. First, the RBZ must prioritise monetary policy consistency and discipline, particularly by avoiding frequent and disruptive currency reforms that destabilise market confidence. Second, there is a need to strengthen corporate governance and risk management frameworks and their strict enforcement within banking institutions to prevent the recurrence of bank failures and restore depositor trust. Third, banks should adopt deposit mobilisation strategies, including the provision of competitive interest rates and the easing of restrictive withdrawal policies, particularly in relation to foreign currency accounts. This will encourage depositors to entrust banks with larger sums of money thereby increasing their capacity to provide financial relief to businesses and individuals.

Additionally, reforms aimed at improving foreign exchange market transparency and aligning official exchange rates with market realities are critical to curbing the dominance of informal markets. Ultimately, the effective implementation of these recommendations has the potential to restore the functional integrity of Zimbabwe's banking sector, enhance financial intermediation, and contribute meaningfully to sustainable economic recovery. Failure to operationalise these reforms risks the continued marginalisation, and possible extinction, of formal banking institutions in Zimbabwe.

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