

PUBLIC NOTICE

Compensation of Small Depositors for the Loss of Value Incurred Due to the Exchange Rate Movement as at 20 February 2019.



BACKGROUND

1. In the **2021 National Budget Statement** presented in November 2020, the Honourable Minister of Finance & Economic Development announced that Government, through the Deposit Protection Corporation would compensate small and vulnerable depositors who had balances of USD1,000.00 (One Thousand United States Dollars) and below, for the loss of value incurred due to the exchange rate movement from USD1: RTGS\$1 to USD1: RTGS\$2.5, as at 20 February 2019, with resources equivalent to **USD75 million**.
2. **Government** has now availed through Kuvimba Mining House the sum of **USD400,000** to the Deposit Protection Corporation as agent, for distribution to vulnerable depositors. Given the available resources, several scenarios were iteratively evaluated to identify a method that offers the best compensation to depositors.

IMPLEMENTATION ARRANGEMENTS

3. The Deposit Protection Corporation wishes to advise the banking public that in the meantime, the initial tranche of **USD400,000** will be allocated to eligible depositors who had balances of USD1,000 and below in the **Deposit-Taking Microfinance Institutions**, to pay for the loss of deposit value occasioned by exchange rate movement from USD1: RTGS\$1 to USD1: RTGS\$2.5, as at 20 February 2019.
4. In other words, a depositor who had **USD1,000** in his or her account would get **USD600** (Six Hundred United States Dollars) being the total lost value. By way of illustration, the selected loss permutations are indicated below:

USD FCA Amount	New Value (RTGS FCA)	Loss Amount (RTGS FCA)
1000	400	600
500	200	300
400	160	240
300	120	180

USD FCA Amount	New Value (RTGS FCA)	Loss Amount (RTGS FCA)
200	80	120
100	40	60
50	20	30
10	4	6

5. Accordingly, qualifying depositors are advised to submit their claims as at 20 February 2019 within a period of 12 months running from **8 November 2021 to 7 November 2022** to their respective registered Deposit-Taking Microfinance Institutions namely: African Century Limited; Getbucks Microfinance Bank; EmpowerBank Limited; Zimbabwe Women's Microfinance Bank; Success Microfinance Bank Limited; and Lion Microfinance Limited.
6. The Deposit-Taking Microfinance Institutions will periodically submit the schedule of claims to the Deposit Protection Corporation for verification, validation, and subsequent remittance of the requisite payment to the Deposit-Taking Microfinance Institutions for onward settlement to eligible depositors in USD without incurring transaction costs.
7. The Minister of Finance & Economic Development, Deposit Protection Corporation, the Reserve Bank of Zimbabwe, and the banking sector have reached an agreement in that regard.
8. After compensating depositors of Deposit-Taking Microfinance Institutions, subsequent tranches for disbursement would be allocated to remaining deposit-taking institutions namely commercial banks, building societies, savings bank, and infrastructure bank, as and when additional funds are availed.
9. For the avoidance of doubt, the window for compensation of eligible depositors of Deposit-Taking Microfinance Institutions will be open for a period of 12 months from **8 November 2021 to 7 November 2022**.