



CIRCULAR TO BANKING INSTITUTIONS NO. 2/2018: VIRTUAL CURRENCIES

1. Further to the Circular dated 16 November 2015 and Press Statement issued by the Reserve Bank of Zimbabwe (the Reserve Bank) on 20 December 2017 on the use of virtual currencies in Zimbabwe, banking institutions' attention is once again drawn to the risks involved with virtual currencies and the need to ensure strict adherence to sound risk management.
2. Our investigations have revealed that the major cryptocurrency exchanges facilitating the trade of virtual currencies in Zimbabwe are Bitfinance (Private) Limited (Golix) and Styx24. Golix has gone further to set up an ATM machine through which cryptocurrency transactions are facilitated.
3. As Monetary Authorities, the Reserve Bank is the custodian of public trust and has an obligation to safeguard the integrity of payment systems. Cryptocurrencies have strong linkages and interconnectedness with standard means of payments and trading applications and rely on much of the same institutional infrastructure that serves the overall financial system.
4. Financial regulators around the world have identified the dangers and risks presented by virtual currencies to financial stability which include risk of loss due to price volatility, theft or fraud, money laundering and other criminal activities.

Further, cryptocurrencies can be used to facilitate tax evasion as well as externalization of funds in violation of a country's laws.

5. In order to safeguard the integrity, safety and soundness of the country's financial system, and to protect the public in general, all financial institutions are hereby required to:
 - a. ensure that they do not use, trade, hold and/or transact in any way in virtual currencies;
 - b. ensure that they do not provide banking services to facilitate any person or entity in dealing with or settling virtual currencies; and
 - c. exit any existing relationships with virtual currency exchanges within sixty days of the date of this Circular and proceed to liquidate and restate existing account balances.
6. For the avoidance of doubt, banking services include maintaining accounts, registering, trading, clearing, collateral arrangements, remittances, payment and settlement accounts, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer / receipt of money in accounts relating to purchase/ sale of virtual currencies.
7. Be advised accordingly.

N. Mataruka
Registrar of Banking Institutions
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