

## Business community urges government to abandon failing ZiG Currency

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Business leaders have urged the government to ditch the local currency, the Zimbabwe Gold (ZiG), which is increasingly losing its value, reported [Business Times](#).

They argue that this devaluation is hurting businesses and threatening the viability of local companies.

The call comes as the government continues its strict enforcement of exchange rate regulations, including threats to revoke licenses of non-compliant businesses.

On Wednesday, October 23, Oswell Binha, chairman of the CEO Africa Roundtable, called for the removal of the ZiG from Zimbabwe's basket of currencies. Said Binha:

*(As CEOs) we are calling for the immediate removal of the ZiG from the basket of currencies, allowing other currencies to trade until such time we stop arbitrage.\**

*We sit here as decision-makers superintending over a country that cannot manage its own currency. We have a lot of cycles of value erosion, and we continue doing this and expect a difference.*

*We gather here amid scepticism about the ZiG due to the government's history of printing (money). All we yearn for is for a currency that is capable of preserving value. Now we have the ZiG which is collapsing like a deck of cards.*

*Our authorities have proven beyond any reasonable doubt that they are incapable of managing our own currency. Instead, the local currency has been a tool for arbitrage in the economy.*

*It is no longer benefiting us anymore to be formal, we are too small as organised businesses to support the huge informalisation sector burden that the government is placing on us.*

William Mandisodza, the CEO of the Institute of Chartered Accountants of Zimbabwe (ICAZ), said:

*I am going to speak on behalf of the accountants, any variation above 5% is material and talking of 40% currency depreciation is a crisis in accounting. We are in a crisis.*

*Our role is to provide financial information or report economic transactions in a currency of choice. If a person is measuring economic performance in ZiG his or her results up to August 1, 2024, are over 40%, that's a crisis in our (accountancy) profession.*

*I also want economists and the public to honestly look at the operating landscape we have and remove words like speculation and saboteurs.*

*When I am doing the work, I am employed to do and someone says I am speculating and I am a finance director to preserve the value of the shareholders, I will not take it lightly.*

*We are not speculators but preservers of value. For us, we don't use the inflation data for the past, but we use inflation expectation.*

*We do this to replace the stock that I would have sold. If we use the past inflation, we will not be able to stock.*

Economist and banker, Nigel Chanakira, who is also the past president of the Zimbabwe Economic Society, said:

*What triggered what we are calling a crisis? We call it a crisis because we have a new currency that has features that promise us stability.*

*We have a new governor who said bad policies will not be done under my watch. I gave him the benefit of the doubt.*

*Only five months since the introduction, we have experienced a more than 40% devaluation of the ZiG. I think it's astronomical.*

The value of ZiG plummeted in September this year, from ZWG13:US\$1 dropping to ZWG27.44 to the US dollar on Thursday, 24 October. On the parallel market, ZiG is currently trading between ZWG40 and ZWG50 to the US dollar.

*\*Arbitrage is an investment strategy in which an investor simultaneously buys and sells an asset in different markets to take advantage of a price difference and generate a profit. While price differences are typically small and short-lived, the returns can be impressive when multiplied by a large volume.*

[https://www.pindula.co.zw/2024/10/24/business-community-urges-government-to-abandon-failing-zig-currency/?utm\\_medium=notifications&utm\\_source=onesignal](https://www.pindula.co.zw/2024/10/24/business-community-urges-government-to-abandon-failing-zig-currency/?utm_medium=notifications&utm_source=onesignal)