

Cash shortages on first day of currency floatation

Cash shortages in Zimbabwe worsened Monday, 5 May, on the first day of free trading of the Zimbabwe dollar as people queued for hours in banks to buy up local currency.

The Zimbabwe dollar closed the day in some banks at close to 200 million against the US dollar, down from a starting rate of 160 million set by the Reserve Bank of Zimbabwe.

Zimbabweans with foreign currency to sell welcomed the willing-buyer, willing-seller policy introduced last week by bank governor Gideon Gono but were unhappy about the shortages of cash.

“The rate being offered by the banks is much higher than what the foreign exchange dealers are offering, but we have been waiting for cash since morning,” one man said at Barclays Bank, which was offering z\$165 million for US\$1.

The man said he would take the Zimbabwe dollars in cash rather than have the money transferred into his bank account because inflation of over 165,000% meant the money would quickly lose value if left sitting in the bank.

The Reserve Bank floated the Zimbabwe dollar in a bid to obtain foreign currency for food and key agricultural inputs and end rampant black market currency trading.

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