

PRESS RELEASE



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No! to the Proposed Partial Privatisation of the People's Own Savings Bank (POSB) by the Government of Zimbabwe

The Zimbabwe Coalition on Debt and Development (ZIMCODD) calls upon the Government of Zimbabwe to reverse ongoing measures to partially privatise the People's Own Savings Bank (POSB).

Privatisation of the POSB is not in the nation's best interests. The People's Own Savings Bank is the only savings bank in Zimbabwe. It is wholly owned by the Government on behalf of the people of Zimbabwe. With 460,000 customers country wide, POSB has about 20% of the market share making it the leader in customer base of all Zimbabwe's banks. POSB's infrastructure and distribution network has the reach that no other bank has and this needs to be preserved. The poor, pensioners, youth, informal sector traders and ordinary men and women who have banked with this grassroots-based bank on the basis of trust in the bank's people centered ethos. This explains in part why the Banks and Banking Survey of 2018, confirmed the POSB as the best performing bank in terms of efficient utilization.

Privatisation entails the transfer of parastatal ownership and control from the public to the private sector and threatens the public interest. This goes against the POSB Act which states that it is a people's bank that must remain in the hands of the State. The Act's intention is for government to defend citizens' long-term financial interests in a volatile market economy through mechanisms such as a Bank dedicated to serving the public interest. ZIMCODD calls upon the Parliament of Zimbabwe to safeguard the autonomy of the POSB and to provide critical oversight to ensure that the Bank remains faithful to its public mandate. Instead of privatizing POSB, government should increase the autonomy for this state-backed bank and enforce strict regulatory oversight by the banking supervisor.

Selling off the Bank is not the only way to enhance the POSB's 'capacity to underwrite more business to the productive sectors, or access expertise and technology to improve banking operations and competitiveness.' Government of Zimbabwe must present clear evidence of the proposed benefits of the sale for public scrutiny and Parliamentary debate.

There is no justifiable need to sell off the POSB. It is presently one of the few profitable and efficiently managed, State-owned Enterprises. The Bank posted a net profit of ZWL\$24,7 million during the six months ended June 30, 2019, compared to the ZWL\$8,11 million recorded during the same period in 2018. This objective fact undermines Government's argument that privatization would foster increased competition, which would reduce the cost of financial intermediation and improve bank profitability. Why should the People's Own Savings Bank become profitable in the hands of other owners not the people of Zimbabwe?

Instead of selling off the Bank, ZIMCODD calls upon the Government to invest in further capitalizing the Bank's expansion and modernization for improved efficiency and competitiveness. Just as Government has deployed taxpayer's money to assume debts and rescue preferred industries, it is time that Government deploys public money to safeguard the only remaining banking Institution created in the public interest.

No to Privatisation, Yes to the public Ownership of the People's Own Savings Bank!

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