

	<b>CBZ Bank Limited</b> <b>HEAD OFFICE</b> <b>Union House</b> <b>60 Kwame Nkrumah Avenue, Harare</b>
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<b>PRODUCT NAME</b>	<b>INVESTMENT – MONEY MARKET</b>

### 1. Money Market Desk

Money market refers to the market where all short-term financial instruments that relate to interest rates are traded. The Zimbabwean money market involves a wide variety of borrowing and lending contracts and encompasses transactions in which funds are bought or sold, packaged in a variety of instruments, typically for short periods of time from overnight to 360 days.

The investments options are:-

- ✓ Bills, comprising:- Bankers' Acceptances  
                                   Treasury Bills  
                                   Special Bills e.g. AMA Bills, Agro Bills, etc
- ✓ Commercial paper
- ✓ Negotiable Certificates of Deposits
- ✓ Bonds
- ✓ Deposits instruments for:- Call deposits  
   Term deposits  
   Repurchase agreements

### High Returns Money Market

**No** Service Fees

**No** Withdrawal Fees

**No** Maintenance Fees

Guaranteed Capital and Stable Returns

Money market investments for both corporate and individual clients at competitive rates in line with market conditions.

### TREASURY FIXED DEPOSIT TERMS

Indicative rates

DAYS	RATE PER ANNUM
7	2%
14	3%
30	8%
60	10%
120	11%
180	12%
360	10%

- The minimum investment amount is USD10,000.00
- Withholding Tax
- 15% of interest earned for investments of below 90 days.
- 5% of interest earned for investments of 90 days and above.

The above rates are only indicative.

Call our Treasury Team on 755013, 753298,759419,791188 for firm quotes.

## 2. Treasury Bills

These are short-term bills (debt instruments) issued by the Reserve Bank on behalf of the government with a maturity of usually up to one year. This instrument is considered risk free and hence returns are generally lower than short-term debt instruments issued by other issuers. They are risk free since the government is the borrower and they represent the most liquid and marketable of money market instruments (can be easily liquidated into cash when compared to other instruments in the money market). In most cases treasury bills are usually issued at a discount from their face value and redeemed at face value. They are usually used by RBZ for open market operations to control money supply. When the bills are issued, they reduce liquidity in the market and when they mature they will increase liquidity. Before the maturity date the TBs can be sold to other parties in the secondary market for a profit or liquidity thus AND can be used as collateral when borrowing on the interbank market.

Currently our interest rate is 7% per annum.

## 3. Bankers' Acceptances

A Bankers acceptance is a debt instrument or any other financial instrument on which a bank has accepted co-liability in respect of it. The need for BAs arose as a result of the confidence that economic participants have in the Banks' standing as surety in respect of indebtedness between themselves. There is also mistrust between economic agents who wish to do business together especially where they are in different geographical locations such as in international trade. However, BAs are not limited to international trade as letters of credit can also be used as security in international trade.

## 4. Forward Exchange Contracts (FECs)

FECs are Derivatives done by clients with main aim of hedging (minimizing risk) against [adverse](#) rates movements.

An FEC is a **binding contract** to purchase or sell a specified amount of currency at a fixed rate agreed now but to be exercised at a future maturity date.

### Process

CBZ shall quote a rate for the specified FEC tenor -which if the client wants to enter into a contract shall sign an ISDA (International Swaps and Derivatives Association) Agreement and Confirmation of the contract.

10% collateral of the forward cover in USD shall be paid to CBZ which would be returned on day of maturity of the forward contract.

On the day of maturity CBZ shall pay the currency bought and the client would pay CBZ the equivalence at FEC rate (Payments by both parties to be paid 2 working days before maturity date).

#### **5. Currency Swaps**

The Bank offers very competitive exchange rate on a daily basis for foreign exchange transactions or for purposes of moving from one currency to another.

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