



TIME BANK

PRESS STATEMENT

On 21 December 2017 the Reserve Bank of Zimbabwe (RBZ) published a Public Notice on the status of Time Bank of Zimbabwe Ltd (Time Bank), and we quote the RBZ notice in the box below.



PUBLIC NOTICE

TIME BANK OF ZIMBABWE LIMITED

1. Members of the public are advised that the Reserve Bank of Zimbabwe and Time Bank of Zimbabwe Limited have had historical disputes, which have been the subject of various litigation. During this period, Time Bank has not been operating as a banking institution.
2. Following discussions between the Reserve Bank of Zimbabwe and Time Bank to address the issues, resolution has been reached, paving way for re-opening of the Bank.
3. Time Bank shall be resuming banking operations subject to prior inspections by the Reserve Bank of Zimbabwe to ensure that Time Bank has put in place the necessary capital and banking systems and structures.

Registrar of Banking Institutions
Reserve Bank of Zimbabwe
December 2017

Below is Time Bank's response to such RBZ public notice.

1. We appreciate the resolution by the RBZ Governor, Dr J P Mangudya of the long outstanding disputes between RBZ and Time Bank of Zimbabwe Ltd (Time Bank), given that he did so decisively and fairly after hearing views from opposite sides of the dispute.
2. For the record, Time Bank successfully started operations in 1997 and operated profitably and normally. Mr Chris Takura Tande is the Founder and Managing Director of Time Bank. However, in 2000 the Reserve Bank took more than US\$ 5 million from Time Bank through a wrongful debit into Time Bank's account in RBZ books. Instead of charging Time Bank interest of 7% on a Foreign Loan of US\$ 15 million, RBZ charged interest of 70% on such loan and debited Time Bank's account as mentioned above. This prejudiced Time Bank in the form of excessive interest of 63% and it created financial problems for Time Bank. Rightfully Time Bank disputed such debit. The then RBZ Governor Dr L Tumba agreed to refund the money but his term ended as Governor before he could implement such agreement.
3. However, when Dr G. Gono became RBZ Governor, the RBZ dishonoured the previous agreement made during the time of Dr Tumba as Governor. In 2004 RBZ under Dr Gono then closed Time Bank without repaying the money it owed Time Bank or disclosing fully to the public that RBZ was owing Time Bank money. Hence at that time the RBZ misled the public and Government on the Time Bank issue.

4. In fact the RBZ under Dr Gono closed Time Bank under unclear circumstances in 2004 and cancelled its banking licence in 2006 unlawfully, without giving Time Bank a chance as required by law, to respond to the allegations made against it, before a decision was made on such allegations. In terms of the principles of natural justice or the **Audi Alteram Partem** (*let the other side be heard as well*) rule, one must be given a chance to respond to allegations against him, before a decision is made on such allegations. In other words Time Bank was denied natural justice by RBZ. This is a basic rule of any civilised society but it was not followed by RBZ on the Time Bank case.

5. Time Bank then approached the court for protection of its rights. In 2009 the court reinstated the licence of Time Bank after seeing that the RBZ had cancelled such licence unlawfully. Basically the court upheld the law against the RBZ at a time the RBZ under Dr G Gono as Governor appeared too powerful to be brought to justice. The above ruling of the court showed the importance of having an independent Judiciary in the country.

6. However despite the reinstatement of the licence by the court, Time Bank could not operate because its assets including records had not been fully handed back by the former curator of Time Bank and RBZ to the directors of Time Bank after the end of the period of curatorship. Among the assets not handed over were the computer system, reconciliation statements of our assets, audited financial statements for the period of curatorship, and other important records of the bank. In fact among such records of Time Bank lay the truth of Time Bank which had not been disclosed by RBZ to the public at the time it closed Time Bank. A delay in the handover/ takeover was basically an attempt to delay the truth to come out. The matter could not be resolved while Dr G. Gono was Governor of RBZ.

7. When Dr J P Mangudya took over as RBZ Governor, he resolved the matter fairly as mentioned above, and agreed to repay the money which RBZ owed Time Bank before Time Bank was closed in 2004 plus interest at 5%, among other things. However, Time Bank was not paid damages like loss of business during the period it was closed unlawfully.

8. In addition, Time Bank agreed to accept, conditionally, an incomplete handover/takeover of the assets including records of Time Bank and related matters from the former Curator of Time Bank and RBZ to the directors of Time Bank, in order to move forward. In other words, under the resolution, Time Bank accepted to take one step back in order to take two steps forward.

9. The RBZ has now repaid US\$ 10 million to Time Bank being the amount RBZ owed to Time Bank including interest as per our settlement agreement and RBZ has also proceeded to issue a Public Notice on 21 December 2017 on Time Bank regarding resolution of the matters as stated above.

10. From the above it is clear that the agreement made by the current RBZ Governor Dr J P Mangudya to refund Time Bank's money, is the same agreement which former RBZ Governor Dr L Tumba had made. However, RBZ under Governor Dr Gono made a different decision and the reasons were questionable.



TIME BANK

PRESS STATEMENT

... Continued from Page 1

11. The above events show the benefits of changing Governors of RBZ from time to time. It would have been a different story to Time Bank and to the cause of justice in the banking sector if Dr Gono's term as RBZ Governor had been extended beyond two terms. The change of leaders at various levels from time to time is in line with principles of good governance.

12. There is also a need for similar rotation of some Divisional Heads of RBZ, in order to avoid one person staying in a sensitive position or statutory office for more than 10 years. If Governors of RBZ can rotate every 10 years it follows that some Divisional Heads should also rotate. This is also in line with principles of good governance. There is a clear need for checks and balances on the powers of some RBZ officials.

13. The closure of Time Bank and the above delay in handover/takeover enabled the RBZ to avoid repaying the money due to Time Bank for more than 17 years. The recent resolution of Time Bank issues comes after more than 17 years of an economic struggle for our rights including struggles for the refund of the money RBZ took from us in 2000, struggle for our property rights in general, 13 years of struggle from 2004 to re-open Time Bank after the RBZ closed it and cancelled its licence unlawfully in 2006, and 8 years of struggle to enforce a court order of 2009 which reinstated the bank's licence including a directive that Time Bank should be re-opened immediately. Although Time Bank has now been paid its money by RBZ, however as mentioned before it was not paid any compensation for loss of business during the period the bank was closed unlawfully. Hence it is not true that Zimbabweans cannot manage a bank successfully. Instead RBZ caused the failure of a successful Zimbabwean managed bank in this case.

14. In fact, after the bank's closure, RBZ intended to liquidate Time Bank so that the above claim disappears but such plan was unsuccessful because Time Bank stood its ground successfully. Time Bank made it known that it was a solvent institution and that legally the RBZ cannot liquidate a solvent financial institution without audited financial statements to prove that such institution is insolvent. During the period of curatorship, the former curator of Time Bank and RBZ were not able to produce audited financial statements of Time Bank which prove that Time Bank was insolvent or which prove that directors of Time Bank abused depositors' funds, yet it is a legal requirement that the curatorship period must be audited in the normal way. Hence the allegations against the Directors of Time Bank at the time the bank was closed were false and baseless.

15. Sadly after Time Bank's closure more than 10 000 people lost jobs and their livelihoods directly and indirectly as a result of the closure of Time Bank. This clearly demonstrates the relationship between the protection of property rights and economic prosperity for all. In other words the protection of constitutional rights and the economic progress of a country are strongly related. The loss of the above jobs and the consequent unemployment was a result of the violation of our constitutional rights and economic mismanagement by RBZ at that time.

16. In this regard, it is the injustice or local sanctions on one Zimbabwean by another Zimbabwean, and not foreign sanctions, which caused the above suffering of Time Bank, its employees and other stakeholders.

17. We were disempowered at a time when others were being empowered. We were punished severely by RBZ for standing up for our rights. However, the Directors of Time Bank, never ran away from the country. They decided to remain in the country and face the challenge.

18. In fact, immediately after the end of curatorship in 2006, Time Bank under its directors, and as part of its normal business policy, was the only bank in the history of Zimbabwe which paid all its depositors, their full deposits, without the help of Reserve Bank or the Curator or the Deposit Protection Corporation. This enabled Time Bank to focus on the resolution of its outstanding issue with RBZ without prejudice to its depositors. Such payment of depositors at that time was also done without new money from shareholders and this showed that Time Bank was solvent contrary to RBZ's allegations at that time.

19. After the resolution, the RBZ Governor, Dr J P Mangudya, also appealed to parties on opposite sides of the dispute to let bygones be bygones. On our side as Time Bank we are prepared to let bygones be bygones provided the other side also embraces genuinely such reconciliation, based on the principle of truth and reconciliation, failure of which Time Bank will have to go into the reconciliation process vigilant, in case there is no genuine ceasefire, and the public can judge for itself accordingly. Various man-made obstacles can be placed again on the path of our business recovery.

Despite the above setbacks we are determined to re-establish the bank successfully and contribute to the development of our country.

We wish to thank all the people who stood by us during the time of our difficulty. In particular we thank the various lawyers who worked tirelessly on these matters to ensure that justice is done to Time Bank. The darkest hour is before dawn. There is **TIME** for everything.

For the record, we have not yet opened for business but we have started working on the re-opening of the bank. We shall update the public on our progress in the near future.

Standing the **TEST OF TIMES**.

Inserted in public interest

**By the Board of Directors of
TIME BANK OF ZIMBABWE LTD.**

**14th Floor, Trust Towers, 56 - 60 Samora Machel Avenue, Harare. Tel
775684/5**

12 January 2018