



RESERVE BANK OF MALAWI

REMARKS

BY

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GOVERNOR

AT THE

**LAUNCH OF THE COUNTERFEIT CURRENCY
MANAGEMENT POLICY**

HELD AT

RESERVE BANK OF MALAWI CLUB HOUSE, LILONGWE

22 AUGUST 2017

- *The Inspector General of the Malawi Police Service- Dr. Lexten Kachama;*
- *The Deputy Governor, Economics & Regulation - Dr Grant Kabango;*
- *The Executive Director, Bankers Association of Malawi-Mrs Lyness Nkungula;*
- *The Representative of the Microfinance Network;*
- *Chief Executive Officers of Commercial Banks here present and their Representatives;*
- *Chief Executive Officers of Microfinance Institutions and their Representatives here present;*
- *All Senior Officers from various Institutions and organisations here present;*
- *Members of the Press;*
- *Distinguished Delegates;*
- *Ladies and Gentlemen.*

Good morning,

It gives me great pleasure and honour to be here this morning to preside over this official launch of the Counterfeit Currency Management Policy and signing of the Memorandum of Understanding between the Reserve Bank of Malawi and Stakeholders involved in the fight against Counterfeit currency including the Malawi Police Service, the Bankers Association of Malawi and the Microfinance Network. This marks the beginning of yet another milestone in the fight against counterfeit currency in the country. Your presence at this function is therefore not taken for granted, rather a testimony of our collective resolve to fight currency counterfeiting in all its forms.

Ladies and Gentlemen, as we may all be aware, according to the Reserve Bank Act, Chapter 44:02 of the Laws of Malawi, the Reserve Bank of Malawi is mandated to be the sole issuer of the legal tender in Malawi. However, despite this mandate, some unscrupulous individuals have taken it upon themselves to be counterfeiting the legal tender.

We know, we live in a world of greater modernization and sophistication. While this is good in many respects, it has come with its own challenges. Thieves and Robbers have also become sophisticated and smart. As we know, back in the days, Thieves and Robbers used to wait for their victims by the roadside and mostly during the night. Today, they snatch handbags in broad day light. And yes, while modern systems are developed to ease and improve our way of life, cyber crimes and theft have crept in.

We therefore need to remain vigilant and collaborate our efforts in curbing and stopping these vices.

I remember back in March 2010 when I was appointed Budget Director by the late Former President, one of the surprising pieces of advice was the one from Mr Reckford Kampanje, former Budget Director, Accountant General and Auditor General. He said, and I quote, *“When you get into that office, treat anyone who comes to see you as a thief until you prove them otherwise”* end of quote. This is the world in which we live. We must treat everyone as a thief or a suspect until we prove them otherwise. I guess this is also why His Excellency the President not only called upon us to be a hard working nation and patriotic, but also called for integrity. We also need to check and crosscheck every note to ensure it is not counterfeit.

In the Reserve Bank of Malawi today, Ladies and Gentlemen, as the money flows and circulates from the Reserve Bank to Commercial Banks, General Public and back to the Commercial Banks and Reserve Bank, we keep discovering counterfeit notes every month. From January 2016 to end last week, a total number of counterfeit pieces discovered stood at 2,752 pieces of which 216 were discovered in May 2017, 290 in June 2017, 374 in July 2017 and the rest in the period before that.

In terms of specific cases, you may wish to note, **Ladies and Gentlemen**, that currently there are five cases involving counterfeit notes in various Courts across the country. In Karonga, two Court cases are underway involving K2,000 note counterfeits, one for K140,000 and the other for K354,000 which, based

on investigations, originated from the same source as they bear the same serial numbers. The other case is in Rumphi, and was being heard yesterday, where a total of K912,000 involving K2,000 counterfeit notes and 2 people were arrested. The other case is in Mzuzu involving US\$5,500 where 2 people were also arrested and the last case is in Dedza where 3 people were convicted last Friday in a case involving US\$2,200 counterfeit dollars.

Our launch of this policy today, therefore, is our collective resolve to stop these vices. I am therefore happy that with our collaborative efforts, attempts to bring counterfeit currency into circulation can continue to be nipped in the bud at the earliest possible time and culprits apprehended by our Security Agencies. If left unchecked, Counterfeit currency can adversely affect the economy as it negatively impacts

on prices and also undermines the credibility of the legal tender. The malpractice can also lead to losses in businesses or on a personal level. It is therefore important that we collectively safeguard the integrity of the Malawi Kwacha at all times. All Malawians also have to join us in the fight so that we are all always vigilant and able to recognize counterfeit currency.

The policy we are launching today aims at safeguarding the integrity of the Malawi currency by, among others; (i) putting in place procedures for systematic handling of counterfeit currency at all levels (ii) ensuring that counterfeit currency is detected by the society at large and its proliferation eliminated and (iii) Allocating specific roles to stakeholders in the fight against counterfeiting of currency. The policy has been formulated in

conformity with the Reserve Bank of Malawi Act Section 23 and the Penal Code (Cap. 7:01 of the Laws of Malawi) Sections 366 and 374. These Sections criminalise counterfeiting of currency including use, possession and circulation of counterfeits.

I am therefore pleased that today that the Bank is launching the Counterfeit Currency Management Policy and signing Memoranda of Understanding with the Malawi Police; Commercial Banks and Microfinance Institutions through the Bankers Association of Malawi (BAM) and the Microfinance Network respectively. We decided to coin the theme of this Launch as: “THE FIGHT AGAINST COUNTERFEIT CURRENCY: A BATTLE FOR US ALL” to recognize that indeed the fight against counterfeit currency is for all of us, including the whole nation. We all need to be part of this and

without the involvement of all our Institutions and the General Public, our fight against counterfeiting would be futile and fruitless. The fight against counterfeiting can only be won through collaborative effort.

We believe that the General Public, Businesses, Commercial Banks and Deposit Taking Microfinance Institutions, are key in early detection of counterfeit currency, which could lead to quicker apprehension of the culprits.

The Memorandum of Understanding that we are signing today spells out the responsibilities of each Institution and will be broadly helpful in our respective Institutions on how to handle counterfeit currency. It will further help us to jointly conduct sensitisation programs; properly record and report details of counterfeit currency; use appropriate

detection methods; and to follow appropriate procedures when dealing with counterfeit currency.

I have no doubt that with our collective resolve, the fight against counterfeit currency and its undesirable effects will be won.

It is therefore my singular honour and privilege to officially launch the Counterfeit Currency Management Policy through signing of Memoranda of Understanding with the Malawi Police Service, the Bankers Association of Malawi and the Microfinance Network.

I thank you all for your kind attention.