Zambia takes three zeros off notes

LUSAKA, ZAMBIA - Zambians on Tuesday (1 January) woke up to a new year and new bank notes, which lop off three zeros in a bid to address high inflation that made the currency cumbersome to work with.

Zambia's Finance minister Alexander Chikwanda launched the new Kwacha notes assuring the citizens that the move to rebase the currency was meant to address previous bouts of depreciation.

What was 1,000 kwacha will now be one kwacha.

"The rebasing of the Kwacha was aimed at addressing the inflationary spirals which over the years caused the currency to depreciate to intolerable levels which were not cost-neutral in terms of the economy," Chikwanda said.

Zambia, Africa's largest producer of copper, has in the past years seen inflation fall. In 2009 inflation was 9.9%, higher than the 7.2% in 2011.

Until now 10,000 kwacha was worth roughly two dollars.

"The decision to rebase the currency was further premised on government's conviction to restore the intrinsic value of our currency as a medium of exchange," he added.

The new currency will run side by side with old Kwacha notes until June this year.

"Although the old currency will cease to be legal tender on 30 June, it will be available for exchange at the Bank of Zambia and commercial banks for a period of 36 months," said Chikwanda.

"I therefore urge the public not to panic as they change their old currency for the rebased currency," Chikwanda added.

Source: *AFP* via I-Net Bridge

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