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PROJECT TOPIC:

An evaluation of the efficacy of dollarization on financial intermediation by commercial banks- A case of Zimbabwean commercial banks 2003-2009

SUPERVISOR: MR S.O. DHLAMINI

Submitted in partial fulfillment of the Bachelor of Commerce Honors Degree in Banking offered by the National University of Science and Technology (NUST)

Submitted: August 2009



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ABSTRACT

The study sought out to analyse the impact of dollarization on financial intermediation by commercial banks. In this analysis, the research sought to clearly examine the major causes of financial disintermediation in Zimbabwe. The experimental research design was used, as dollarization was a comparatively new phenomenon in Zimbabwe. Thus such a research design would greatly assist in the investigation of whether or not dollarization would improve financial intermediation. In the research, the researcher manipulated one independent variable and measured the dependent variable, which was dollarization. The research was made possible by randomly selecting a sample of twelve commercial banks out of the fifteen commercial banks found in Zimbabwe. Research questionnaires were distributed to the employees of the banks in the sample and personal interviews were also conducted to obtain the required data. The Internet was also used to obtain relevant secondary data. In carrying out the research, the researcher faced challenges in obtaining information, as most of the bank employees could not provide some of the required information due to the banker's oath of secrecy. Time and limited financial resources were other constraints faced by the researcher. The research showed that dollarization would greatly improve financial intermediation. However, dollarization must be supported by adequate Monetary and Fiscal policies in order to improve financial intermediation. Future research may be done to investigate the impact of dollarization on the growth of the financial sector.