

**Weekly insight – April 29, 2026**

**Beyond Buying Shares: Decoding Zimbabwe’s Financial Markets**

**Analyst – Kudakwashe Taimo**

**Head Researcher - Rumbidzai Siyawamwaya**

**Frontier Axis Research Disclaimer:**

**This report is provided for informational and analytical purposes only and does not constitute investment advice, financial advice, or a recommendation to buy or sell any security. Frontier Axis Research provides independent analysis of emerging and frontier markets based on publicly available information believed to be reliable; however, no representation or warranty is made as to its accuracy or completeness.**

**All opinions expressed are subject to change without notice and may not reflect the current views of Frontier Axis Research. Investors are advised to conduct their own due diligence and consult with qualified financial professionals before making any investment decisions. Frontier Axis Research accepts no liability for any loss arising from the use of this report.**

Come to think of it, many investors participate in Zimbabwe's capital markets without fully understanding how the system works or how market players connect. This is not unusual, even some professionals only have a partial view of the ecosystem. Yet, understanding this structure is critical, because every trade, dividend payment, and investment decision passes through multiple layers of this financial architecture.

At the centre of the market are stock exchanges: the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX), both operating under ZSE Holdings, alongside the Financial Securities Exchange (FINSEC), an alternative platform offering centralized and fully electronic trading environment through systems such as the C-TRADE mobile app.

The ZSE is a local currency-denominated exchange, trading in Zimbabwe Gold (ZWG), while the VFEX is a US dollar-based exchange established in 2020 as an offshore financial hub that operates outside the local currency regulations. The VFEX offers incentives such as lower withholding taxes and zero capital gains tax, making it attractive to both issuers and investors. It also addresses past concerns around capital repatriation, giving foreign investors more confidence. However, this has also created debate around why it gives VFEX-listed companies an advantage over those on the ZSE.

Beyond the exchanges, asset managers play a critical role in shaping market activity. These include pension funds, insurance companies, and investment firms that manage large pools of capital on behalf of clients. Their primary goal is to generate returns while managing risk. Because they control significant funds, their buying and selling decisions often influence market direction and liquidity conditions.

When asset managers want to transact, they go through stockbrokers. Brokers are licensed intermediaries who execute trades on the exchange. They also provide research, market insights, and investment recommendations, helping investors make informed decisions. In many cases, retail investors interact primarily with brokers, making them one of the most visible parts of the market ecosystem.

Closely linked to brokers are custodians. Custodian banks such as Stanbic, CBZ, FBC, and CABS are responsible for safekeeping investor assets. They ensure that securities are securely held, settlements are processed correctly, and income such as dividends or interest is collected on behalf of investors. A key role they play is asset segregation, meaning client assets are kept separate from the custodian's own assets, for protecting investors.

In recent years, broker-controlled custodians have also emerged. These allow investors to combine trading and custody services under one relationship with the stockbroker. While traditional custodians offer strong security and institutional backing, broker-controlled custodians provide more flexibility and closer engagement, particularly for investors who want active portfolio management and continuous market updates.

Another key layer of the system is the depository. Depositories such as Chengetedzai Depository Company (CDC), the ZSE Depository, and the VFEX Depository act as the central electronic vault for securities. Before CDC went live in 2014, investors relied on physical share certificates, which were slow, risky, and prone to loss or fraud.

Today, securities are held electronically through a process called dematerialization. This allows for faster settlement, improved transparency, and reduced operational risk. Depositories also

facilitate a Delivery versus Payment (DvP) system, ensuring that securities are only transferred once payment has been confirmed. This significantly reduces counterparty risk and enhances trust in the system.

Working closely with depositories are transfer secretaries, we have First Transfer Secretaries, Corpserve, and ZB Transfer Secretaries. These entities maintain the official shareholder register for listed companies. They process changes in ownership, manage corporate actions like dividends, rights issues, and bonus shares, and ensure that records are always accurate and up to date.

For example, when a company declares a dividend, the transfer secretary coordinates with depositories and custodians to ensure payments are made to the correct shareholders or banking details. If an investor's banking details are outdated or incorrect, payments may be delayed, which highlights the importance of maintaining accurate records with brokers or custodians.

Overseeing all these participants is the regulator, the Securities and Exchange Commission of Zimbabwe (SECZIM). Its mandate is to ensure that the market operates in a fair, transparent, and efficient manner. It licenses market participants, enforces compliance with securities laws, monitors trading activity, and protects investors from malpractice such as insider trading and market manipulation.

Importantly, SECZIM also plays a developmental role by promoting investor education and supporting innovations such as new trading products and financial instruments. This ensures that the market evolves in line with global standards while addressing local economic realities.

Put together, these players form a highly interconnected system. Exchanges provide the marketplace, asset managers bring capital, brokers execute trades, custodians safeguard assets, depositories handle settlement, transfer secretaries maintain ownership records, and the regulator ensures everything runs smoothly.

Understanding this ecosystem is essential for both new and experienced investors. It builds confidence, sharpens decision-making, and helps avoid costly oversights. More importantly, it reinforces that capital markets are structured systems designed to allocate capital efficiently, manage risk, and support economic growth. A well-informed investor is therefore better equipped to navigate the ecosystem, understand where accountability lies, and take the right steps when issues arise.