Financial Risk Management in Zimbabwe

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ABSTRACT

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| **Aims:** The study aimed to develop a comprehensive framework tailored to the specific challenges faced by businesses  **Study design:** Qualitative research design.  **Place of Study:** Financial stakeholders in Zimbabwe  **Methodology:** The researcher chose 15 important players in Zimbabwe's financial industry in order to conduct interviews and collect primary data. This includes academics with expertise in finance as well as professionals employed by banks, regulatory agencies and investment businesses.  **Results:** Key challenges Zimbabwean businesses face include economic instability, political uncertainty, lack of access to finance, foreign exchange risks and regulatory challenges. Economic instability, political instability, policy changes, limited access to financing options, capital constraints and complex regulatory requirements add to the challenges. The study proposed a comprehensive risk management framework for Zimbabwean businesses, including risk assessment tools, mitigation strategies, and monitoring mechanisms.  **Conclusion:** It can be alluded that incorporating the components proposed in the framework into risk management procedures can help companies better recognize, evaluate, reduce and track financial risks in the nation's distinct economic landscape. Further research can however be required on a larger scale and incorporating other research methods. |

***Keywords:*** *business challenges, finance management experts, financial risk management, framework development, mitigation strategies, monitoring mechanisms, risk assessment tools.*

1. INTRODUCTION

**1.1Background of the Study**

Financial risk management is essential to economic stability and growth, particularly in developing nations. Globally, Siraj, Syarifuddin, Tadampali, Zainal and Mahmud (2024) emphasize the importance of robust financial risk management frameworks to safeguard against market volatility and unforeseen economic shocks. In Africa, Mafimisebi, Obembe and Ogunsade (2023) , argue that effective risk management practices can enhance the resilience of businesses operating in challenging environments. The African continent faces unique financial risks due to political instability, fluctuating commodity prices and inadequate regulatory frameworks, necessitating tailored approaches to risk management.

In Zimbabwe specifically, the economic landscape has been fraught with challenges over the past two decades, including hyperinflation, currency devaluation and a lack of foreign investment. According to Bushu and Kufakurinani (2024), these factors have created an environment where businesses are increasingly vulnerable to financial risks. The Reserve Bank of Zimbabwe has noted that high inflation rates and currency instability have led to a significant erosion of purchasing power and increased operational costs for companies (Nyandoro, Dube & Makochekanwa, 2023). As a result, organizations must adopt comprehensive financial risk management strategies that encompass not only traditional methods but also innovative solutions tailored to the local context. This study aims to explore various strategies that can be implemented by Zimbabwean companies to mitigate financial risks effectively and ensure sustainable business operations amidst ongoing economic challenges.

**1.2 Problem Statement**

The economic landscape in Zimbabwe has been characterized by persistent financial instability, which has been marked by hyperinflation, currency volatility and limited access to foreign exchange. These factors have created a precarious environment for businesses, leading to heightened financial risks that threaten their sustainability and growth. Despite the critical importance of effective financial risk management in navigating these challenges, many organizations in Zimbabwe lack structured frameworks and tools to adequately assess and mitigate these risks. As highlighted by Nyandoro et al.(2023) , the absence of comprehensive risk management strategies has resulted in significant operational disruptions, loss of capital and diminished investor confidence. The urgency of addressing this issue is underscored by the increasing number of businesses facing insolvency due to unmitigated financial risks. Therefore, there is an immediate need to investigate and develop a robust financial risk management framework that addresses the specific challenges businesses face in Zimbabwe. This framework must incorporate relevant risk assessment tools, effective mitigation strategies, and continuous monitoring mechanisms to empower organizations to successfully navigate the current economic environment's complexities.

**1.3 Proposed Solution**

Creating a framework for financial risk management that is adapted to the unique difficulties that Zimbabwean enterprises encounter. This framework will incorporate particular risk assessment methods, mitigation measures and monitoring procedures so that organizations can properly manage financial risks in the Zimbabwean environment.

**1.4 Brief Literature Review**

Zimbabwe's economic growth is being hampered by some issues. The real GDP grew by 5.5 percent in 2023 after a 6.5 percent growth in 2022, driven by mining, agriculture, and remittance-influenced services (World Bank, 2024). However, monetary instability and significant exchange rate distortions keep Zimbabwe's economic activity below its potential, and inflationary pressures remain high in 2024 due to increased local currency depreciation. In February 2024, inflation increased for the fourth consecutive month due to the significant devaluation of the domestic currency in official and parallel foreign exchange markets. The annual inflation rate jumped from 26.5 percent in December 2023 to 47.6 percent in February 2024. By February 2024, the parallel market premium was estimated to be 30 percent, whereas the official exchange rate fell by 78.8 percent in 2023 (World Bank, 2024).

Due to the impending national elections and the transfer of the RBZ’s foreign loans to the Treasury, economic pressures increased in 2023. The government increased civil officials' pay in both local and international currencies. The Treasury took over the management of RBZ's $1.8 billion in foreign loans (Matambo, Moyo, Mukonza, & Chigova, 2022). Meanwhile, the 2024 budget's credibility has been called into question when some of its revenue plans were cancelled. However, prices have increased as a result of the implementation of taxes like the sugar tax. The World Bank report (2024) states that a reduction in remittances from non-governmental organisations in 2023 caused the current account surplus to decline.

As per Sharma, Alwang, Chingozha, Hoy, Kurasha and Paez Rodas (2022), chronic inflation, a heavy reliance on low-productivity farming, gradual shifts in structure, and sporadic crises like droughts, natural catastrophes, and the COVID-19 pandemic have led to an elevated degree of poverty and susceptibility in Zimbabwe. Overdue payments to international financial institutions (IFIs) and excessive debt limit both fiscal capacity and growth potential. Although extreme poverty has declined from its peak in 2020, it is still significant because of cyclical farming practices and rising food prices (World Bank, 2024).

***1.4.1 Financial Risk Management in Today’s Global Economy***

For companies functioning in the current dynamic and fast-paced global economy, financial risk management is essential (Taskinsoy, 2022). It entails locating, evaluating, and reducing risks that could have an effect on the stability and financial health of an organisation. Financial risks may come from several sources, such as changes in the market, loan defaults, liquidity problems, and operational failures, as claimed by Moudud-Ul-Huq, Akter, and Biswas (2020). Organisations must put strong financial risk management techniques into place to protect their assets and guarantee long-term viability to effectively traverse these obstacles.

**Figure 1:** *Types of Financial Risks*

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*Source*: Adapted from “The present and future of financial risk management” by Alexander, (2005), Journal of Financial Econometrics, 3(1), 3-25.

***Market Risk***

A key idea in finance and investment is market risk. According to Klapper and Lusardi (2020), market risk is the possibility of suffering monetary losses as a result of market shifts that affect the value of assets or investments owned by people or businesses. Many factors, such as shifts in interest rates, currency rates, commodity prices, and stock market volatility, can contribute to market risk.

***Credit Risk***

The possible monetary loss a lender could sustain if a borrower defaults on a loan is known as credit risk. According to Rakhaev (2020), it is the risk that the borrower will not be able to pay the principle and interest or that the lender may have cash flow disruptions as a result of the borrower's failure to fulfil their financial commitments. To lower credit risk, lenders look at a borrower's income, current debt burden and the potential size of losses, among other factors that impact creditworthiness (Bouteille & Coogan-Pushner, 2021).

Borrowers are rewarded for taking on credit risk by making interest payments. Lenders are more inclined to demand higher interest rates to offset the greater default risk when a borrower's credit risk is higher. According to Aduda and Obondy (2021), lenders must appropriately evaluate credit risk as it has a direct influence on their profitability and overall financial well-being. Credit history, ability to repay, capital, circumstances and character are the five main criteria that are usually considered when measuring consumer credit risk. Because of their poorer credit ratings or anticipated propensity to fail on their debts, consumers who pose greater risks to lenders are frequently provided loans at higher interest rates (Exler & Tertilt, 2020). Conversely, consumers with solid financial profiles and credit histories are viewed as less risky and are eligible for loans with better interest rates.

***Liquidity Risk***

A crucial component of financial risk management is liquidity risk, which is the possibility of losses incurred by a business as a result of its incapacity to pay short-term debts (Alim, Ali, & Metla, 2021). It occurs when a company's short-term responsibilities are not covered by its liquid assets, which can cause operational difficulties and even financial crisis. Liquidity risk for businesses may be caused by a number of variables. Over-reliance on short-term financing tools like commercial paper or credit lines is one of the main culprits (Rakhaev, 2020). These funding sources can be flexible and economical, but they also put the business at risk of abrupt shifts in investor attitude or market circumstances that could make it more difficult to get the money when it is required.

Furthermore, poor cash flow management techniques, such ineffective working capital management or insufficient cash flow forecasting, can make liquidity risk worse, according to Ahmed and Elnahass (2024). A corporation may be at risk of liquidity shortages if capital inflows and outflows are not timed correctly, particularly during uncertain economic times or volatile financial markets (Klapper and Lusardi, 2020). Ineffective management of liquidity risk can have serious repercussions for a business. Additionally, Taskinsoy (2022) noted that failure to fulfil immediate duties might result in late payments to creditors, suppliers, or workers, harming reputation and relationships. Furthermore, because lenders view the firm as riskier as a result of its liquidity issues, it may result in increased borrowing costs.

***Operational Risk***

Operational risk has been included in this study as a sort of financial risk management since it is a cross-cutting risk and an essential component of any organization's financial risk management framework. Processes, systems, human factors, legal and regulatory compliance, fraud, environmental concerns, and more are all included in the hazards that come with a business's daily operations. Eceiza, Kristensen, Krivin, Samandari, and White (2020) assert that preserving operations, safeguarding assets, upholding reputation, and accomplishing strategic goals all depend on efficient operational risk management. Accordingly, operational risk management is a complex field that necessitates an all-encompassing strategy to recognise, evaluate, reduce, and track risks related to company operations (Taskinsoy, 2022).

**1.5 Scope**

This study encompasses an in-depth examination of the financial stakeholders in Zimbabwe ,focusing on their roles, challenges, and contributions to the financial landscape. A total of 15 key players from various sectors within the financial industry was selected to gather qualitative insights through interviews that will illuminate the dynamics of financial operations and governance in Zimbabwe. This approach seeks to understand how these stakeholders interact with one another and respond to economic conditions, policy changes and market trends during this critical timeframe.

**1.6 Justification**

Zimbabwe has faced many economic challenges over the past few decades, including hyperinflation, currency instability, and fluctuating commodity prices. These factors have created a volatile business environment requiring robust financial risk management practices. This research aims to give businesses the resources they need to successfully handle these obstacles by creating a thorough framework for financial risk management that is especially suited to the Zimbabwean environment.

Second, particular risk assessment instruments pertinent to Zimbabwe's distinct economic environment would be incorporated into the suggested framework. Due to regional factors, including market inefficiency and regulatory uncertainty, traditional risk management techniques might not be relevant. Businesses can more effectively detect possible risks and evaluate their effects on operations and profitability by concentrating on localized strategies.

Moreover, including mitigation strategies within the framework is crucial for organizations seeking to minimize their exposure to financial risks. This aspect of the study will equip businesses with practical approaches to managing risks proactively rather than reactively. Such strategies could include diversifying revenue streams, hedging activities, or implementing stringent cash flow management practices.

Additionally, monitoring mechanisms outlined in the framework will enable organizations to continuously evaluate their risk exposure and adjust their strategies accordingly. In an ever-changing economic environment like Zimbabwe’s, ongoing assessment is vital for ensuring that businesses remain resilient against unforeseen financial shocks.

This study also contributes to the broader discourse on financial stability in emerging markets by providing empirical insights into how localized frameworks can enhance organizational resilience. It serves as a valuable resource for policymakers, business leaders, and academic researchers interested in understanding and improving financial risk management practices within similar contexts globally.

2. methodology

Both primary (interviews) and secondary data are used in the paper.

***Secondary data:*** The initial stage was a thorough literature analysis of Zimbabwe's financial risk management procedures. This required examining previous studies, scholarly work, reports, and publications about financial risk management in the nation. Secondary data obtained from an extensive literature study provided a solid foundation of current knowledge and research on financial risk management unique to Zimbabwe.

***Primary Data:*** Firsthand knowledge and viewpoints on financial risk management procedures were obtained through interviews with important players in Zimbabwe's banking industry. The researcher chose important players in Zimbabwe's financial industry in order to conduct interviews and collect primary data. This includes academics with expertise in finance as well as professionals employed by banks, regulatory agencies, and investment businesses. Insights, viewpoints, and experiences of financial risk management procedures in Zimbabwe were gathered through structured interviews.

***Data Analysis:*** After the primary interview data was gathered, it underwent a methodical analysis. To detect important results, trends and patterns in the interviews, theme analysis was used. The analysis was rigorous and in line with the paper's study goal, thanks to the researcher's efforts. Next, the researcher combined the information gleaned from primary interviews with the results of the literature study. A more thorough grasp of financial risk management procedures in Zimbabwe was attained by combining data from both sources.

3. results and discussion

3.1 Results

Zimbabwe's economic and financial circumstances present a number of difficulties and factors for financial risk management. 15 significant players in Zimbabwe's financial industry, including bank employees, regulators, investment businesses and academics with expertise in finance, were interviewed by the researcher. The interviews revealed a number of themes about the nation's financial risk management issues, which are elaborated upon below:

***Currency Volatility:*** Currency volatility has been a problem for Zimbabwe's financial industry, posing serious dangers to financial institutions and enterprises. One of the financial managers that was questioned said:

*“As an importer, we are quite concerned about currency fluctuation. We find it challenging to handle our foreign currency-denominated liabilities and forecast our cash flows due to the Zimbabwean dollar's sharp decline.”*

Additionally, a different chief financial officer stated:

*"Doing business in Zimbabwe is riskier and riskier due to currency rate volatility. Having to continuously hedge against currency changes makes managing our balance sheet difficult.”*

***Inflationary Pressures:*** Because of the nation's history of hyperinflation, savings and investments may lose value. Businesses must control inflation risks if they want to preserve their buying power and profitability.

*"Inflation in Zimbabwe presents a significant challenge for financial companies as it directly impacts the value of the assets and liabilities on our balance sheets,"* stated one of the bank executives surveyed.

To manage this risk and lessen its impacts, appropriate hedging and ongoing monitoring are needed. Another attendee, a representative of a regulatory organization, similarly stated:

*"In order to guarantee that financial institutions have sufficient safeguards against inflation risks, Zimbabwe's regulatory structure must adjust to the high inflation situation. The financial industry may become unstable if this is not done.”*

According to an academic specialist:

*“Zimbabwe’s hyperinflation reduces consumer purchasing power and impacts firms' bottom lines, creating economic instability. Strategies for managing financial risk need to be flexible and adaptable to the shifting inflationary environment.”*

***Export and Import Risks:*** Commodity price fluctuations can affect income streams for companies that depend on these industries, particularly for important exporters like gold, platinum, and nickel. Businesses that rely on imports may have difficulties as a result of increased expenses brought on by currency devaluation. One expert who participated in the interviews emphasized that:

*“As we have seen, sectors that rely heavily on imports have been quite concerned about our currency's decline. Their bottom line is impacted by the growing import prices brought on by currency depreciation, which also makes it difficult for them to compete in the market.”*

An academic finance specialist also stated:

*"It is clear from my study and conversations with industry participants that controlling import and export risks is essential for Zimbabwe's financial stability. To lessen the effects of outside variables like shifting commodity prices and exchange rates, businesses must have strong risk management plans.”*

***Political and Regulatory Risks:*** The political climate in Zimbabwe creates uncertainty that may impact corporate operations, particularly as elections draw near. Managing legal risks requires adherence to compliance standards and regulatory regulations.

*"Political instability can have an enormous effect on our business operations,"* stated one of the bank executives.

Election-related uncertainty can cause market volatility and make it challenging to make wise investment choices.

*"Compliance with rules and regulations is crucial for managing legal risks," stated another interviewee. However, it can be difficult to stay on top of the constantly shifting regulatory environment. Investors are also growing more worried about Zimbabwe's political dangers. Regardless of the political environment, they want guarantees that their investments would be safeguarded.”*

The results emphasize how crucial political and regulatory concerns are to Zimbabwe's financial risk management issues. Financial institutions may find it challenging to make well-informed investment decisions as a result of market volatility and uncertainty brought on by political instability. Managing legal risks requires adherence to regulatory rules, but it may be difficult to stay on top of the constantly shifting regulatory environment. These results are in line with earlier research that found political and regulatory concerns to be major obstacles for financial firms doing business in developing nations. For example, Settembre-Blundo et al. (2021) found that noncompliance with rules impacts a company's financial stability and reputation in addition to exposing it to legal concerns. Effective risk management requires creating strong compliance frameworks, staying abreast of legislative developments, and making sure industry standards are followed (Salisu et al., 2022).

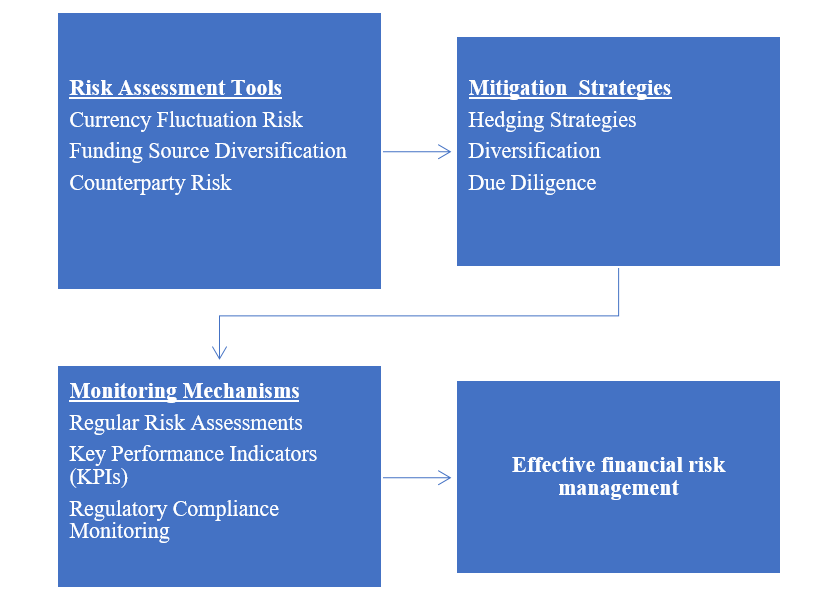
***Risk Mitigation Strategies:*** Financial risks in Zimbabwe may be reduced by putting strong risk management procedures into place, such as hedging against exchange rate fluctuations, diversifying financing sources, thoroughly screening partners and suppliers, and keeping up with legislative changes.

*"Hedging against currency fluctuations proves essential for financial institutions in Zimbabwe so they can safeguard their assets and investments from unpredictable exchange rates,"*according to one of the interviewees.

*“Diversifying financing sources is a crucial tactic to lessen reliance on a single source of funding, distributing risk over several channels and improving financial stability,”* according to another finance expert.

Based on the highlighted finance risk management concerns, the researcher was able to develop a financial risk management framework specifically suited to the difficulties that firms in Zimbabwe confront.

**Figure 2:** *Financial Risk Management Framework*

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*Source:* Author’s own configuration*.*

**Components of the Framework**

**Risk Assessment Tools:**

***Currency Fluctuation Risk:*** Since the Zimbabwean economy is so erratic, businesses should employ tools like currency swaps, options, or futures to guard against fluctuations in exchange rates.

***Funding Source Diversification:*** Organizations can assess the risk of becoming unduly reliant on one source of financing by doing scenario evaluation and stress testing to identify potential vulnerabilities.

***Counterparty Risk:*** Credit risk assessment methods, such as credit ratings, financial statement analysis, and collateral appraisal, can help assess the creditworthiness of suppliers and partners.

**Mitigation Strategies:**

***Hedging Techniques:*** Businesses can lessen their exposure to currency risk by using hedging products like forward contracts or options to lock in exchange rates.

***Diversification:*** Spreading out risks and reducing reliance on a single source may be achieved by spreading out financing sources across several markets and instruments.

***Due Diligence:*** Reducing counterparty risks may be achieved by carrying out comprehensive due diligence on suppliers and partners through site inspections, financial analyses, and background checks.

**Monitoring Mechanisms:**

***Frequent Risk Assessments:*** Effective risk management depends on the implementation of regular risk assessments to detect new hazards and re-evaluate current ones.

***KPIs, or key performance indicators****:* Monitoring the organization's financial health may be facilitated by establishing KPIs for financial risk management, such as profitability measures, leverage ratios, and liquidity ratios.

***Monitoring of Regulatory Compliance:*** Regulatory risk management requires keeping abreast of regulatory developments by regularly reviewing regulatory updates and making sure that pertinent laws and regulations are being followed.

Organisations operating in Zimbabwe may efficiently manage financial risks in the country's difficult economic situation by integrating these particular risk assessment tools, mitigation techniques, and monitoring systems into their financial risk management framework. Implementation of the proposed financial risk management model in Zimbabwe is also subjected to various challenges. Economic fluctuations, including hyperinflation and exchange rate fluctuations, make such instruments as currency swaps and hedging products non-viable. The presence of fewer advanced financial instruments and more diversified funding sources may also be difficult for companies to effectively deal with risks. Counterparty risks are also triggered by a lack of financial transparency, and small businesses may struggle to conduct frequent, time-consuming risk assessments. The changing regulatory framework complicates things even further, and organizational and cultural inertia could slow down the adoption of new practices. In response to these issues, companies may be required to apply new models of financing, automate risk assessment and build up cooperation with local banks and experts. There has to be training, education, and adaptable methods so that the architecture will still function in the volatile economic environment of Zimbabwe.

**3.2 Discussion**

The results of the interviews conducted with important players in Zimbabwe's financial industry demonstrate the widespread effects of exchange rate fluctuations on companies doing business there. A major financial risk management concern is the Zimbabwean dollar's sharp decline, especially for businesses that depend on imports or have liabilities denominated in other currencies. Stakeholders stressed the significance of implementing efficient risk mitigation tools, such as hedging tactics and ongoing currency rate movement monitoring.

Currency volatility is a significant financial risk management concern in Zimbabwe, according to earlier research (Matambo et al., 2022; Benedict, Mafika, Tutu, & Selase, 2022; Mugiyo et al., 2023). According to Matambo et al. (2022), a high level of currency rate volatility raises operating costs and erodes investor trust. According to Benedict et al. (2022), currency volatility reduces the value of savings and investments and intensifies inflationary pressures. However, by including actual quotes from important stakeholders about their experiences and opinions of currency volatility as a financial risk management problem in Zimbabwe, this study contributes to the body of current material.

Additionally, the information obtained from speaking with important players in Zimbabwe's banking industry emphasizes how widely inflationary pressures affect financial risk management procedures. Businesses, banks, regulatory agencies, and academic specialists all face difficulties as a result of the nation's history of hyperinflation. In order to successfully negotiate the unstable inflation environment, participants underlined the significance of proactive risk management techniques including hedging and regulatory adjustments. These results are consistent with earlier research that showed how hyperinflation can impair economic activity, skew pricing, and reduce purchasing power, making strong risk management frameworks designed to specifically address inflation risks necessary (Rakhaev, 2020; Settembre-Blundo et al., 2021; Taskinsoy, 2022). However, Zimbabwe's particular economic situation, marked by a history of hyperinflation and financial instability, has unique problems that call for particular solutions. The viewpoints of the participants highlight the vital role that dynamic risk management techniques, flexible regulatory frameworks and ongoing monitoring play in successfully reducing inflation risks.

The results of the interviews also demonstrate how import and export risks provide serious obstacles to financial risk management. Changes in commodity prices have a direct effect on companies that depend on these industries by altering their income streams, especially for important exports like gold, platinum, and nickel. On the other hand, growing expenses brought on by currency depreciation provide difficulties for companies that rely heavily on imports. These observations are consistent with earlier research on financial risk management. A company's financial health can be greatly impacted by changes in interest rates, currency rates, commodity prices and other market factors (Moudud-Ul-Huq et al., 2020). Jain (2024) assert that in order to protect themselves against price volatility, enterprises should keep a careful eye on market movements and consider risk management instruments like futures contracts. Similar to this, Chen et al. (2022) noted that interest rate changes can have an impact on sectors such as banking and real estate, where shifts in borrowing costs can have an impact on investment choices and consumer behaviour.

The results emphasize how crucial political and regulatory concerns are to Zimbabwe's financial risk management issues. Financial institutions may find it challenging to make well-informed investment decisions as a result of market volatility and uncertainty brought on by political instability. Managing legal risks requires adherence to regulatory rules, but staying on top of the constantly shifting regulatory environment may be difficult. These results are in line with earlier research that found political and regulatory concerns to be major obstacles for financial firms doing business in developing nations. For example, Settembre-Blundo et al. (2021) found that noncompliance with rules impacts a company's financial stability and reputation and exposes it to legal concerns. Effective risk management requires creating strong compliance frameworks, staying abreast of legislative developments, and making sure industry standards are followed (Salisu et al., 2022).

The study suggests that Zimbabwe needs to improve its financial risk management strategies to mitigate the impacts of currency volatility, inflation, import/export risks, and political instability. This can be achieved by implementing supportive regulatory frameworks that encourage the use of risk management tools like hedging and market monitoring. Enhancing access to financial instruments and promoting financial literacy can help businesses navigate price volatility and financial instability. Fostering political stability and creating a predictable regulatory environment can help financial institutions make informed decisions and reduce investment uncertainty. However, the implementation faces challenges such as limited capacity of local financial institutions, lack of infrastructure for monitoring and hedging against risks, and political challenges. Additionally, businesses, particularly SMEs, may struggle with resources to adopt advanced risk management tools. A coordinated effort between policymakers, financial institutions, and businesses is needed to overcome these challenges.

4. Conclusion

Financial risk management is severely hampered by Zimbabwe's economic environment, which is marked by high inflation, currency instability, political uncertainty, and restricted access to international financial markets. Nonetheless, companies doing business in Zimbabwe stand to gain a great deal from the suggested financial risk management system. Businesses could benefit from increased stability and predictability in financial performance, improved investor confidence as a result of improved risk management practices, and increased competitiveness through customized risk mitigation strategies that are specific to Zimbabwe's economic circumstances by implementing the framework. Policy recommendations could include creating a more benevolent regulatory environment that promotes the adoption of contemporary financial risk management techniques, such as providing tax breaks or subsidies to businesses that invest in risk management equipment and training, in order to optimize the framework's usefulness. In order to give more firms, access to reasonably priced and efficient risk management solutions, the government might also make investments in infrastructure that fosters technological innovation, such as digital financial platforms. Additionally, forming alliances with foreign financial institutions may enable Zimbabwean businesses to obtain international financial products and hedging tools, filling the knowledge deficit in cutting-edge financial instruments. In conclusion, even in the face of persistent economic uncertainty, the tailored financial risk management method has the potential to foster long-term growth and economic stability in addition to offering hope for easing the difficulties encountered by Zimbabwean companies. A route to resilience and sustainable development can be found by applying the knowledge acquired from comprehending the intricacies of risk management in Zimbabwe, which offers practical insights that can be used in a range of business contexts.

**Disclaimer (Artificial intelligence)**

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

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Abbreviations

**FRM :** Financial Risk Management

**IFM :** International Financial Institutions

APPENDIX

Appendix 1: Interview Guide

1. Can you provide an overview of the current financial risk management practices in Zimbabwe?
2. What are the main challenges faced by businesses in Zimbabwe regarding financial risk management?
3. How do the existing regulatory frameworks impact financial risk management strategies in Zimbabwe?
4. How do businesses in Zimbabwe typically assess and prioritize financial risks?
5. What are some common strategies employed to mitigate financial risks specific to the Zimbabwean market?
6. To what extent do businesses in Zimbabwe leverage technology for financial risk management purposes?
7. What initiatives are in place to enhance the capacity of professionals involved in financial risk management in Zimbabwe?
8. In your opinion, what are the emerging trends or future developments that will shape financial risk management practices in Zimbabwe?