

## GAMBIA

On March 1, 1971, the Central Bank of Gambia has been formed. It is a public law institution with a capital of 250,000 dalasis entirely contributed by the State. Its main tasks are the issuing of the local currency and the functions of a banks' bank and of Government banker.

After the formation of the Central Bank a new legal tender currency based on the decimal system has been introduced in the country: the *dalasi* which is divided into 100 *bututs*. The rate of exchange with the old currency has been set at five dalasis for one Gambia pound. The par of exchange with the U.S. dollar has been fixed at 48 cents.



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*Gambia is the smallest independent African state. It lies on the Atlantic coast of West Africa and consists of a strip of territory that follows the course of the river Gambia. Area: 10,347 km<sup>2</sup>. Population (June 1969 estimate): 357,000. Formerly a British colony, it became independent on 18 February 1965, remaining in the Commonwealth. Production of groundnuts for export; scant development prospects.*

### THE MONETARY AND BANKING SYSTEM

Gambia's close political and economic links with Great Britain did not change with the country's accession to independence. The legal currency is the Gambian pound, which is worth as much as 1 pound sterling and, hence, 2.40 U. S. dollars. In 1967 Gambia devalued its currency along with sterling, because of the close ties of its economy with that of Britain. The government's foreign exchange reserves are held in sterling balances, as are those of the Gambia Currency Board.

After independence, it was the British government's direct loans or loan guarantees that helped Gambia to obtain the foreign capital it needed for its economic development. Gambia's banking system, finally, is entirely dependent on London — not surprisingly, since 50 per cent of Gambia's exports go to Britain, from which it takes 40 per cent of its imports.

The only bank in the country, in fact, is a London bank, the Standard Bank of West Africa Ltd., which has a branch at Bathurst and an agency at Basse. It acts as a commercial bank, accepts demand and time deposits and extends credit, mostly through advances on securities. But the people of Gambia cannot save much, since their income per head is barely 70 dollars. Consequently, the bank draws heavily on the London head office for the funds it needs to finance its, mostly seasonal, credits to big farm enterprises and for exports.

Gambia has no central bank. Money is issued by the Gambia Currency Board, which was founded in 1964 and does not engage in banking. The maintenance of the Gambia pound's par value against the U. S. dollar and other foreign currencies is guaranteed by the Bank of England.

An interesting point to mention, perhaps, is that there exists in Gambia an unofficial market for CFA francs, the currency of neighbouring countries. This market is very active at certain seasons. It is fed by CFA francs earned by Gambians in Senegal and Mauritania by black market trade in many products especially of Far Eastern origin, which Gambia imports regularly. Since there are restrictions on the exchange of CFA francs at the local bank, the proceeds of this illegal commerce are traded actively in private transactions on the unofficial market, at prices below the official rate.