The recently introduced new bank notes in Burundi have had a detrimental impact on many businesses in Burundi, according to traders.

The Bank of the Republic of Burundi recently introduced the new 5,000 and 10,000 Burundian franc banknotes into circulation.

However, the shortage of these banknotes has led to difficulty in trading. It has also resulted in lower sales for traders and increased inventories for manufacturers.

The move has come as the country experiences difficulty exchanging their old notes for updated ones particularly since the deadline expired in June.

“This is the beginning for the government to start reforms, a necessary awareness to really break this cultural conservatism,” says Faustin Ndikumana, an economist and president of PARCEM think tank. “(In) Burundian culture … each person wants to keep his wealth at home” Ndikumana explains.

But few people support this view. At least not in the markets where many encounter difficulty with trading owing to their lack of new currency notes.

“When you don’t have a bank account, your old bills aren’t replaced. It’s impossible. They force us to open bank accounts when we have no means to add to an account”, Chantal Mugisha, a merchant at the COTEBU market said.

The two denominations, worth $1.77 U.S. and $3.54 U.S., are the highest of the six in circulation. This is in a country with a per capita GDP of $270.

The Bank of the Republic of Burundi attributed the move to what it called an increase in circulation in the “informal circuit” that led to instability in financial institutions’ activities. It also said in its press release that there was a shortage of these notes in banks which destabilized their activities.

All 5,000- and 10,000-franc notes dated July 4, 2018, were withdrawn on June 7, and replaced by new ones dated Nov. 7, 2022.

There was a 10-day deadline on June 17 for holders to deposit the old notes in their accounts. In addition, holders had to open a bank account if necessary. The old notes were legal tender until June 17.

“I have here a sum of old 170,000 FBU (Burundian francs, about 54.8 euros)

banknotes. I wanted to get gas from Gatumba and I heard that if I don’t have the bills they can’t give me gas. So I wonder how to deposit these notes in my boss’s bank account. I will be forced to stay in Bujumbura, I live inside the country,” says Abdoul Karim Niyonkuru, a taxi driver in Bujumbura.

Further restrictions by the Bank of Burundi limit individual cash deposits to 10 million francs ($3,543) and legal entities to 30 million francs per day and per account. Burundi’s apex bank has said it would deploy agents to rural areas to assist with the exchange.