



Republic of Zambia

FINANCIAL SECTOR DEVELOPMENT PLAN FOR ZAMBIA

2004 – 2009

Ministry of Finance and National Planning

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ACRONYMS AND ABBREVIATIONS

ABDCZ	Association of Bureaux de Change in Zambia
AMC	Asset Management Company
AMIZ	Association of Microfinance Institutions in Zambia
ATM	Automated Teller Machine
BAZ	Bankers Association of Zambia
BFSA	Banking and Financial Services Act
BoZ	Bank of Zambia
BSD	Bank Supervision Department
CPI	Consumer Price Index
CSO	Central Statistical Office
DBZ	Development Bank of Zambia
DDACC	Direct Debits and Credits Clearing
DMU	Disaster Management Unit
EAZ	Economics Association of Zambia
EFTPOS	Electronic Funds Transfer Point of Sale
ESMP	Extended Staff Monitored Programme
EXIM Bank of Zambia	Export and Import Bank of Zambia
FATF	Financial Action Task Force
FSDP	Financial Sector Development Plan
GAAPs	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
IMF	International Monetary Fund
IOD	Institute of Directors
LASF	Local Authority Superannuation Fund
LAZ	Law Association of Zambia
LuSE	Lusaka Stock Exchange
MAJAZ	Magistrates and Judges Association of Zambia
MFI	Micro Finance Institution
MoFNP	Ministry of Finance and National Planning
MoJ	Ministry of Justice
NAPSA	National Pension Scheme Authority
NBFI	Non-bank Financial Institution
NGO	Non-Governmental Organisation
NPA	Non-performing assets
NSCB	National Savings and Credit Bank
OMO	Open Market Operations
PAYE	Pay As You Earn
PIA	Pensions and Insurance Authority
PICZ	Professional Insurance Corporation of Zambia
PRGF	Poverty Reduction and Growth Facility
Repo	Repurchase agreement
RTGS	Real Time Gross Settlement
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SEC	Securities Exchange Commission
SIDO	Small-scale Industrial Development Organisation
VAT	Value Added Tax
ZACCI	Zambia Association of Chambers of Commerce and Industry
ZACI	Zambia Institute of Chartered Accountants
ZAM	Zambia Association of Manufacturers
ZECH	Zambia Electronic Clearing House
ZIOB	Zambia Institute of Bankers
ZIPSS	Zambia Integrated Payment and Settlement System
ZNBS	Zambia National Building Society
ZNCB	Zambia National Commercial Bank
ZNFU	Zambia National Farmers Union
ZRA	Zambia Revenue Authority
ZSIC	Zambia State Insurance Corporation

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1.1 BACKGROUND TO THE FSDP

1. At independence in 1964, Zambia was one of the most prosperous countries in Africa. Its population, currently about 10 million, has, over the years witnessed a deterioration in its standard of living arising from the decline in the country's economic performance. This is attributed to oil price shocks of the 1970s and the decline in revenues from copper. Despite economic reforms in the 1980s and 1990s, the country continues to face the challenge of growing and diversifying its economy, while simultaneously addressing widespread and worsening poverty levels.

2. One of the widely recognised principal obstacles to economic growth has been the state of the financial sector, which currently plays a limited role in the economy. The financial sector is characterised by low financial intermediation (with limited access to financial services for the rural population and the low-to-middle income earners), high costs of funds and undeveloped money and capital market.

3. The vision for the Financial Sector is therefore to have a stable, sound and market-based financial system that support the efficient mobilisation and allocation of resources necessary to achieve economic diversification, sustainable growth and poverty reduction.

4. In order to realise this vision, a number of weaknesses in the financial sector need to be addressed including: (i) low financial intermediation; (ii) poor credit culture in the market; (iii) the multiple and potentially conflicting roles of the Government in the financial sector; (iii) the weak regulatory framework for non-bank financial institutions, insurance and pension funds; (iv) the undeveloped capital market; (v) lack of long-term development and housing finance; and (vi) the limited number of monetary policy instruments.

1.2 MACROECONOMIC ENVIRONMENT

5. Since the negative copper price shock of 1974, the Zambian Government has attempted to stabilize the macroeconomic environment through various programmes supported by the IMF and the World Bank. Currently, the Zambian Government is on an extended staff monitored programme (ESMP) with the IMF after which it hopes to get a new Poverty Reduction and Growth Facility (PRGF) arrangement in June 2004.

6. Consistent with Government's medium term macroeconomic objectives for the period 2004 to 2006, the following macroeconomic conditions were identified as being

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desirable in supporting the growth of the Zambian financial sector: (i) raising economic growth to at least 5% by 2006; (ii) reducing inflation to a single digit; (iii) reaching the Highly Indebted Poor Countries Initiative (HIPC) completion point; (iv) building credibility by observing fiscal and other publicly announced macroeconomic targets; and (v) improving coordination between Government and the BoZ.

7. The major constraint facing the Zambian financial sector is low intermediation induced in part by the high incidence of crowding out of the private sector by the Government. The primary cause of this is the high stock of Government debt, which contributed to high interest rates on Government securities. This has continued to impede the contribution of the financial sector to economic development.

8. Since November 2003, interest rates on Government securities have been falling. This trend is attributed to:

- i. The reduction in the statutory reserve ratio from 17.5% to 14% in October 2003;
- ii. The reduction in Government borrowing; and
- iii. The stability of the Kwacha leading to excess demand for Government securities.

9. Despite the decline in Government securities interest rates, commercial bank lending rates have remained high. To encourage commercial banks to further lower interest rates and increase lending to the private sector, it is recommended that the Government and the Bank of Zambia (BoZ) continue implementing prudent fiscal and monetary policies.

1.3 KEY FINANCIAL SECTOR ISSUES

10. There are several common financial sector-wide challenges that have been identified. These include the dearth of skilled human resource, the inadequate legal infrastructure, different accounting and auditing standards, lack of financial safety nets, poor credit culture due to lack of a credit reference bureau, absence of anti-money laundering regulations and an inefficient payments system.

1.3.1 Human Resource Development

11. Sustainable development of the financial sector in Zambia requires a reliable and stable supply of human capital. Currently, the development of a sound financial sector has

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been hindered by inadequate human resource capacity, occasioned by inadequate funding of educational institutions, weak enforcement of and compliance to educational standards, and the adverse effects of the HIV/AIDS pandemic.

12. The situation requires clearly and carefully established regulatory frameworks, policies, procedures, commitment and other support systems, which promote a conducive work culture. Key policy recommendations include: (i) the establishment of a standardised framework for staff recruitment, training and development; (ii) enforcement of minimum academic/professional requirements for financial sector employees; (iii) development of conducive work place HIV/AIDS policies; (iv) strengthening relevant institutions of learning to make them responsive to the competence needs of the financial sector; and (v) identifying new areas requiring training, such as, forensic accounting and investigation and good corporate governance.

1.3.2 Good Corporate Governance

13. The financial sector in Zambia requires institutions that are managed with integrity, probity and transparency in their effort to contribute positively to society. To this end, there is need for appropriate education, legislation and codes of best practice to facilitate the adoption of Good Corporate Governance principles.

1.3.3 Legal Infrastructure

14. The Zambian legal system is founded on the English common law and principles of equity applied by the English courts. Whereas a number of legislative changes have taken place under the English Acts, the Zambian laws have tended to lag behind and therefore not responsive to the changes in the socio-economic environment, largely, due to the predominance of state controls in the economic management of the country until the emergence of political pluralism and economic liberalisation in 1991.

15. In order to have a stable, sound and competitive financial system that facilitates efficient intermediation, it is imperative that the statutes that are applicable to the financial system are constantly reviewed to assess their relevancy and adequacy.

16. Key recommendations to develop the legal infrastructure include: (i) harmonising and strengthening all pieces of legislation relating to the financial sector, including strengthening corporate governance provisions in the Companies Act, Banking and

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Financial Services Act, Insurance Act, National Pensions Scheme Act, Securities Act, Building Societies Act, Societies Act and the Cooperative Societies Act; (ii) enacting specific legislation on insolvency, liquidations and winding up of companies, corporate bodies registered under the Societies and Cooperative Societies Act, that are engaged in the financial sector or, in the alternative, strengthening provisions of existing laws; (iii) developing foreign currency regulations or enacting a law that would regulate how financial institutions, tourist enterprises, and others may account for foreign exchange transactions for statistical purposes; and (iv) developing the necessary regulations to give effect to the Prohibition and Prevention of Money Laundering Act number 14 of 2001.

1.3.4 Accounting and Auditing Standards

17. The Zambia Institute of Chartered Accountants adopted the International Financial Reporting Standards (IFRS), International Standards in Auditing (ISA) and the International Accounting Standards (IAS) in 2003. However, there is need to enact these standards into the Companies Act as the official reporting, accounting and auditing standards in Zambia in the preparation of financial statements. The Government should also expedite the enactment of the revised Accountants Act to improve compliancy to the accounting standards.

1.3.5 Regulatory Structures

18. Financial regulation and supervision in Zambia has over the last decade been structured around specialist institutions that were mainly established after the liberalisation of the economy in 1991. These comprise the BoZ, the Securities and Exchange Commission (SEC), and the Pensions and Insurance Authority (PIA). This situation has led to a number of overlaps and areas of conflict in the regulatory environment of financial services in Zambia, leaving room for regulatory arbitrage.

19. In order to minimise regulatory arbitrage in the Zambian financial sector, it is proposed that the capacity for self-regulation by industry associations, such as, those for bankers, insurers and pension fund managers be developed as a first line of prudential defence in light of the scarcity of regulatory resources.

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1.3.6 Financial Safety Net

20. The stability of the financial sector is cardinal for the efficient functioning of the economy. The Zambian financial sector has continued to face threats of financial instability due to the failure of some financial institutions. The cost to Government has been high and public confidence in the financial institutions has remained uncertain.

21. Arising from Zambia's experiences with financial institutions failures, the BoZ, in consultation with other major stakeholders, is looking into the establishment of an appropriate deposit protection scheme for all deposit taking financial institutions.

1.3.7 Regional Integration

22. It is recognised that regional integration will provide an avenue to accelerate economic development and increase the competitiveness and growth of African economies by improving economies of scale. It is also recognised that regional integration will maximize the integration of regional economies into the global financial system. Recognised constraints include: (i) potential difficulties in managing the wide variations in the socio-economic development of African nations; (ii) different levels of development in infrastructure among members in the financial systems of member countries. This poses challenges in synchronising the architecture in the different financial systems; (iii) different laws obtaining in the different countries may prove to be a hindrance to effective integration in various areas of the financial sector; (iv) lack of resources among some member states to create and sustain regional structures and mechanisms; (v) competing demands brought about by belonging to more than one regional economic grouping; and (vi) weak capacity at national level to implement regional protocols.

1.3.8 Prevention of Money Laundering

23. The Prohibition and Prevention of Money Laundering Act 2001 (PPMLA) was promulgated in the year 2001. Some of the major issues that need to be considered in addressing money laundering concerns include: (i) expediting the issuance of appropriate anti- money laundering policy guidelines to the players in the market; (ii) monitoring the steps taken by regulated institutions in implementing these guidelines; (iii) educating and creating awareness amongst consumers as well as players in the market; and (iv) ensuring transparency in the conduct of business by the players, supervisory authorities and the Government.

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24. Key recommendations include: (i) making the Anti-Money Laundering Investigations Unit more effective and operational as well as establishing a separate unit outside the Drug Enforcement Commission (DEC) to take care of the wider scope of money laundering activities as provided for in the PPMLA; (ii) the need for all supervisory authorities to set up separate internal units specifically to address all issues relating to the prevention of money laundering activities and issue appropriate guidelines for their various jurisdictions and ensure that the institutions they supervise comply with the regulations and the provisions of the PPMLA; (iii) executing memoranda of understanding amongst all the supervisory authorities for co-operation and exchange of information; (iv) the supervisory authorities should, in consultation with the regulated institutions, come up with a threshold for reporting and reporting format; and (v) introducing appropriate training programmes incorporating techniques in recognition and prevention of money laundering activities, common documentation and methods of imparting training so that all regulated institutions could provide standardised training to their staff members.

1.3.9 Payment Systems

25. Payment systems are envisaged to play a critical role in promoting greater access by the population to banking and financial services and a reduction in the use of cash as the main means of effecting payments in the economy. It is recognised that this will require extensive industry consultation, co-operation and project management to assure the successful implementation of the payment system recommendations made. These recommendations include the promotion of a variety of payment systems instruments that are both practical and cost effective to the user and provide a reasonable return to the provider. Other strategies are the promotion of public awareness on alternative non-cash means of effecting payments and implementation of risk reducing measures in payments business so as to contribute to building public confidence. In this regard, the enactment of supportive payment systems legislation needs to be expedited through the legislative process.

1.4 THE REGULATORY AUTHORITIES

26. Of the three institutions that regulate financial sector institutions, the BoZ regulates banks and financial institutions, the SEC regulates the securities market and the Stock Exchange, whereas the PIA oversees the operations of the pension schemes and the

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insurance business. The major challenge facing the central bank and other regulatory authorities is the need to achieve adequate operational autonomy. In the case of the central bank, this autonomy would be enhanced through a robust institutional and legally binding mechanism of securing the tenure of office for the central bank Governor.

27. Under the current legal framework, the operational independence of the regulatory authorities is not fully assured. In this regard, the enactment of new legislation for the BoZ, PIA and the SEC, which is presently pending, must be expedited. It is also proposed that as a means of easing the acknowledged funding inadequacies of the PIA and the SEC, the imposition of a levy on pension contributions and insurance premiums, as well as the raising of current levels in supervisory fees, be considered.

1.5 BANKING SECTOR

28. The banking sector is faced with several constraints, including: (i) low financial intermediation; (ii) dependency of bank earnings on lending to blue chip corporate companies, foreign exchange trading and trading in Government securities; (iii) instability in the banking sector; (iv) complex liquidation process for banks in liquidation; (v) poor credit culture; (vi) weak legal infrastructure; and (vii) the high cost of banking services.

29. Key recommendations include: (i) enhancing the quality of supervision through the development of internal capacity; (ii) introducing a rule-based BoZ intervention in the industry to enable prompt corrective action and reduce the effects of regulatory forbearance; (iii) revision of liquidation procedures for failed banks and strengthening of bankruptcy laws; (iv) establishing a credit reference bureau to enhance credit culture; and (v) enhancing consumer protection mechanisms.

1.6 NON-BANK FINANCIAL INSTITUTIONS

30. The NBFIs comprise institutions regulated and supervised under the BFSA and contractual savings providers (pensions and insurance companies).

1.6.1 Specialist Lenders and Bureaux de Change

31. The non-bank financial institutions (NBFIs) play a complementary role to banks in the financial system. The NBFIs present a window for transforming the financial sector in Zambia through their role in long-term lending and provision of financial services to the

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under-served rural consumers and small businesses often ignored by the traditional banking channels.

32. The focus is on key elements of a strategy for restructuring the development finance institutions, housing finance institutions and the rural banking institutions as well as developing a regulatory framework for the micro-finance institutions.

33. *Leasing companies.* The leasing companies are commercial ventures that are established under the Companies Act. Their principle activity is the provision of asset-based finance.

34. *Development Finance Institutions (DFIs).* In Zambia, the DFIs were established and funded by the Government. Largely due to the deteriorating economic conditions and poor corporate governance, most of these institutions have been closed. The only exception is the Development Bank of Zambia (DBZ), which was recapitalised by Government in 1994/95 and later restructured in 2002 through the DBZ Amendment Act number 11 of 2001.

35. *Housing Finance Institutions (HFIs).* HFIs traditionally provide banking services and mortgage lending. In Zambia HFIs have tended to take two major forms, namely, building societies and employer-sponsored housing loan schemes. However, the unsatisfactory overall performance and financial condition of the building society industry has limited the contribution of the housing finance institutions in the economy. The major constraints have been the unstable macroeconomic environment and the outdated Building Societies Act (BSA) of 1968, which has not been revised in line with the changing financial environment.

36. *Rural Banks and Microfinance Institutions.* Following the collapse of most of the subsidised and publicly funded rural finance institutions, such as, Lima Bank, ZCF Finance Services and the Cooperative Bank in the mid-1990s, there has been a gap in the provision of financial services to the low-income households in the rural and peri-urban areas.

37. In addition, many commercial banks, which had branches in peri-urban and rural areas, closed down a number of these branches. Commercial banks still maintaining rural branches do not cater for the financial needs of most of the people in rural areas owing to high bank charges and minimum amounts required for opening savings accounts. Further, the majority of Zambians are not able to meet the collateral requirements for the credit

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facilities. This has created a gap in the provision of financial services to low-income households, especially in the rural areas.

38. *The micro finance institutions (MFIs)* have risen to fill the gap in the provision of financial services. MFIs offer financial services, such as, small loans and savings facilities in the peri-urban and rural areas. Although expansion is much slower in rural areas, growth is evident along the line of rail and the peri-urban areas of the country. The provision of financial services in the rural areas has been slow due to unsatisfactory supportive infrastructure and absence of an appropriate regulatory and supervisory framework.

39. The regulation and supervision of MFIs is still at an embryonic stage. The BoZ, through a comprehensive research and consultative process with stakeholders, is working on draft microfinance regulations that would create a safe, sound, stable and efficient environment in which microfinance institutions could operate.

40. *Bureaux de Change*. These are foreign exchange shops that buy and sell foreign exchange in small amounts and do not take deposits. From April 2003, bureaux de change have been operating under SI number 38 issued under the BFSa and are required to comply with the 25% shareholding limit applicable to other financial institutions.

41. Key recommendations for the specialist lenders and bureaux de change include: (i) repealing the DBZ Act, NSCB Act and BSA; (ii) restructuring or closing insolvent non-bank financial institutions; (iii) incorporating DFIs, HFIs rural banks and MFIs under the Companies Act; (iv) establishing a legislative framework to provide for effective regulation and supervision of DFIs, HFIs, rural banks and MFIs; (v) reviewing VAT on lease finance charges in order to stimulate growth of the leasing sector; and (vi) reviewing the 25% shareholding limit.

1.6.2 Contractual Savings Providers

42. *Insurance industry*. The major concerns in the insurance industry include: (i) low market penetration (premiums stood at about 1.4% of GDP in 2002); (ii) inadequacies in the Insurance Act with regard to prudential supervision and regulation; (iii) externalisation of insurance funds; and (iv) lack of capacity to handle mega risks.

43. Key recommendations to develop the insurance industry include: (i) upgrading the legal and regulatory framework to the level as prescribed by the International Association of Insurance Supervision (IAIS) standards; (ii) enhancing the quality and independence of

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the insurance regulatory office; (iii) harmonising legislation affecting insurance business; (iv) development of a policy on insurance of national assets; and (v) realignment of health insurance regulations and establishment of an indigenous reinsurance company.

44. *Pension Schemes.* The major concerns in the pensions industry include: (i) lack of harmony in legislation relating to pensions; (ii) inadequacies in the Pension Scheme Regulations Act, 1996; (iii) deficits in the statutory pension funds as a result of non-remittance of pension contributions by the state; (iv) lack of a supervisory agent for NAPSA; (v) absence of local actuaries; (vi) inadequate tax incentives and a lack of investment guidelines; (vii) impact of HIV/AIDS on pension funds; and (viii) lack of knowledge concerning pensions by the public.

45. Key recommendations to develop the pension funds include: (i) amending the Pensions Scheme Regulation Act, 1996 and harmonising all legislation affecting pensions; (ii) enhancing tax incentives for pension funds; (iii) effecting of consumer education programmes; (iv) conducting a study on viability of personal pension plans; (v) reviewing the need for an independent supervisory authority for NAPSA; (vi) training of local actuaries; and (vii) establishment of investment guidelines.

1.7 FINANCIAL MARKETS

46. Prior to Zambia's economic reforms of the 1990's, the financial sector was heavily controlled. Under this regime of administrative controls the financial system remained under-developed and repressed.

47. Since 1992, following the financial reforms in Zambia, interest and exchange rate controls were removed, while the payments system has been improved and modernised. Although lending rates have become positive in real terms, virtually all real savings rates are still negative, thereby discouraging savings in the banking system and giving rise to large interest rate spreads in the banking sector.

48. Commercial banks have maintained high lending interest rates partly due to the perceived risk associated with default and the high volume of non-performing loans on their books. In addition, continued high borrowing by Government from the banking system through the issuance of Government securities remains an impediment towards further interest rate reduction.

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49. In the area of monetary policy management, although the rate of inflation has reduced from three digits to an average of 25%, it still remains high. The challenge for monetary authorities is to reduce current double-digit inflation rates to single digit and to achieve a relatively stable and competitive exchange rate in order to reduce uncertainties in the financial markets. Other general challenges in the development of the financial markets in Zambia include: (i) the limited number of effective financial instruments; (ii) underdeveloped secondary markets; and (iii) low overall market liquidity.

1.7.1 Money Markets

50. The Zambian money market comprises the interbank, discount and Treasury bills markets. While a number of improvements have been registered in the primary market for Government securities, secondary market activity remains low. In addition, poor cash management on the part of Government causes large swings in the amount of funds in the money market that lead to volatility in the interbank interest rates. Commercial banks also hold huge balances in their settlement accounts. There is, therefore, a need for the Government to improve its cash management.

1.7.2 The Foreign Exchange Market

51. The foreign exchange market has, since independence, undergone various changes. From 1964 through to the early 1980's, the foreign exchange market was characterised by administrative controls, with the Kwacha firstly being pegged to the US dollar then later to the Special Drawing Rights. In the 1980's through to the 1990s, the exchange rate was determined by a quasi-market system and later by a Foreign Exchange Management Committee. The market was finally liberalised in the early 1990s.

52. In 2003, the BoZ decided to establish a broad-based inter-bank foreign exchange system as the main vehicle to drive the foreign exchange market in Zambia. This basically entailed the movement of the wholesale market from the BoZ to the commercial banks.

53. The rationale for introducing a broad-based interbank system was to address the shortcomings in the BoZ Dealing Window system, in particular, the multiple exchange rates that had emerged in the various segments of the foreign exchange market. Furthermore, despite commercial banks being allowed to trade freely in Zambia, a functioning inter-bank market in the traditional sense of the term, with two-way pricing, had never emerged.

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54. Currently, the major concern in the foreign exchange market is the process of dollarisation that had taken root in Zambia thereby hindering the capacity of the BoZ to conduct appropriate monetary policy.

55. Key recommendations aimed at developing the financial market include: (i) introduction of market-makers followed by a well-articulated code of conduct in the securities market; (ii) resolving problems in the secondary market; (iii) establishing criteria for determining corporate institutions which qualify to issue tradable financial instruments; (iv) establishing a rating agency; (v) improving liquidity management through enhanced coordination between MoFN and the BoZ on the flow of Government funding and tax revenue between the banking system and the central bank; (vi) increased use of repurchase agreements (repos) as the securities market develops; (vii) encourage corporations to use the debt market to fund long-term projects through issuance of long-term corporate bonds; (viii) to enhance participation in the provision of long-term finance, there is need for the MoFNP to quickly deal with the submissions made by various stakeholders to amend the current section 25 (3) of the Pension Scheme Regulation Act to empower the Minister of Finance to issue investment guidelines that will require institutional investors to channel a minimum amount of their mobilised savings to investment in capital market instruments issued by private and public sector enterprises; (ix) in reviewing all pieces of legislation that affect the operations of the financial sector, there is need to speed up the process of submitting the Central Securities Depository draft bills by the Ministry of Finance and National Planning to Parliament for enactment; (x) the Government, should introduce longer term Government bonds. (xi) the Lusaka Stock Exchange should carry out intensive awareness campaigns to improve the public's knowledge and confidence in capital markets transactions; (xii) Drafting of the Financial services Charter that will empower Zambians through ownership in the financial services organisations.

1.7.3 Capital Markets

56. The capital market in Zambia has remained small, both in absolute terms and relative to the size of the economy. The main challenge that Zambia faces in the capital market is to develop a broad and deep secondary market for bonds.

57. Other challenges in the capital market include: (i) *The macroeconomic environment:* Major impediments to the development of the capital market are the high inflation and interest rates that have characterised the macroeconomic environment. (ii) *The regulatory*

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model for the capital market is financially unsustainable. The Securities and Exchange Commission is under-funded to the extent that it is not in a position to adequately fulfil its mandated regulatory function.

1.7.4 Venture Capital Funds

58. There is an institutional gap in the provision of long-term capital to small and medium sized businesses and an opportunity exists for venture capital funds to fill this supply gap. To develop the venture capital industry, it will be necessary to address the capital markets development issues outlined above, to ensure easy exit for venture capital investments once they mature.

59. Additional policy recommendations include: (i) reviewing the tax regime in line with those existing in countries where venture capital funds have flourished; (ii) allowing institutional investors, such as, insurance companies and pension funds to invest a certain percentage of their net assets in venture capital companies; (iii) undertaking a study of the most appropriate form of venture capital company and of programmes successfully used in other countries to 'seed' the industry; and (iv) putting such a 'seed' programme in place in Zambia.

1.8 FSDP IMPLEMENTATION

60. The Minister of Finance and National Planning shall appoint a Financial Sector Development Committee (FSDC) comprising key stakeholders to oversee the implementation of the FSDP for a 5-year term

61. The Committee will serve as a Steering Committee to give overall direction and advice on the implementation of the FSDP.

