

# BANK OF ZAMBIA

Vision: To be a Dynamic and credible Central Bank that contributes to the Economic Development of Zambia.

## NON-BANK FINANCIAL INSTITUTIONS PUBLICATION OF CHARGES, FEES AND COMMISSIONS AND DEMONSTRATION OF THE COST OF BORROWING K1,000 FOR ONE YEAR

FIGURES AS AT 31 MARCH 2017

### MICROFINANCE INSTITUTIONS

	ALS Capital	Bayport	Betternow Finance	Blue Financial Services	Madison Finance Company	Elpe Finance Limited	Finca Zambia Limited	Tandiza Zambia Finance Limited	Meanwood Finance	EFC Financial Services Ltd	Agora Microfinance Zambia Ltd	Microloan Foundation	Unity Finance	Christian Empowerment Microfinance	IZWE Loans	Micro Finance Zambia	Vision Fund Zambia	Zampost Microfinance	Robert and Syla	ORYX Finance	JMAAC	Zambou	Bomach Finance Limited	Direct Finance Limited	ZATAC	
<b>Amount of Loan</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>	
Interest cost	K365.99	K 290.44	K900.00	K639.68	K502.80	K761.16	K346.00	K238	K510.00	K471.00	K293.00	K310.00	K459.00	K420.00	K299.08	K289.78	K660.00	K328.60	K600.00	K146.36	K780.00	K618.58	K1300.00	K353.90	K420	
Loan processing fee			K50.00		K100.00		K38.00	K350				K280.00				K25.00										
Administration fee	K50.00		K50.00						K100.00	K140.00			K26.00		K90.00	K10.00		K35.00		K120.00	K50.00		K25.00	K120.00	K50	
Loan application fee							K11.00		K80.00		K137.40		-	K10.00				K25.00					K150.00			
Insurance	K50.00	K 79.88	K8.00	K50.00	K99.99		K5.00				K2.60		K175.00			K44.00		K4.00			K50.00	K20.00		K67.70		
Comittment Fee								K52					-				K120.00									
Service/ Debt recovery fee													-													
Credit Reference Bureau													-											K40.00		
Any other credit related charges		K 70.00	K120.00										K162.00			K45.00										
<b>Total Cost borrowing</b>	<b>K465.99</b>	<b>K 440.32</b>	<b>K1,128.00</b>	<b>K689.68</b>	<b>K702.8</b>	<b>K761.16</b>	<b>K401.00</b>	<b>K640</b>	<b>K690.00</b>	<b>K611.00</b>	<b>K433.00</b>	<b>K570.00</b>	<b>K822.00</b>	<b>K430.00</b>	<b>K389.08</b>	<b>K413.78</b>	<b>K780.00</b>	<b>K392.60</b>	<b>K600.00</b>	<b>K266.36</b>	<b>K880.00</b>	<b>K788.58</b>	<b>K1,325.00</b>	<b>K581.60</b>	<b>K470</b>	
<b>Effective Annual Interest Rate (%)</b>	<b>62.04%</b>	<b>44.00%</b>	<b>75.00%</b>	<b>69.00%</b>	<b>70.28%</b>	<b>77.00%</b>	<b>74.00%</b>	<b>64.00%</b>	<b>69.00%</b>	<b>61.10%</b>	<b>85.00%</b>	<b>118.00%</b>	<b>70.00%</b>	<b>42.00%</b>	<b>46.18%</b>	<b>71.10%</b>	<b>78.00%</b>	<b>39.26%</b>	<b>60.00%</b>	<b>45.51%</b>	<b>88.00%</b>	<b>67.00%</b>	<b>245.00%</b>	<b>58.16%</b>	<b>47.00%</b>	

#### LEASING FINANCE INSTITUTIONS

	Alios Finance Company	Focus Financial Services Limited	Leasing Finance Company Limited
<b>Amount of Loan</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>
Interest cost	K236		K210
Loan application fee			
Discount Fee		K69.00	
Processing fee		K6.00	
Administration fee			K12.50
Arrangement fee	K17.00		K12.50
Lease management/ ledger fee			
Commitment fee			K12.50
Disbursement fee			
Terminal fee			
Insurance	K40.00		
Credit Reference Bureau			
Inspection fee			K12.50
Search fees			
Facility fee			
Appraisal fees			
Any other credit related charges			
<b>Total Cost of borrowing</b>	<b>K293.00</b>	<b>K75.00</b>	<b>K260</b>
<b>Effective Annual Interest Rate (%)</b>	<b>51.00%</b>	<b>75.00%</b>	<b>58.87%</b>

#### BUILDING SOCIETIES

	Finance Building Society	Pan African Building Society	Zambia National Building Society
<b>Amount of Loan</b>	<b>K1,000</b>	<b>K1,000</b>	<b>K1,000</b>
Interest cost	K205.55	K400.00	K215.00
Loan application fee			K10.00
Discount Fee			
Processing fee			
Administration fee	K3.33		K50.00
Arrangement fee		K30.00	
Lease management/ ledger fee			
Commitment fee			
Disbursement fee			
Terminal fee			
Insurance		K30.00	K5.00
Credit Reference Bureau		K50.00	K35.00
Inspection fee			
Search fees			
Facility fee			
Appraisal fees			
Any other credit related charges			
<b>Total Cost of borrowing</b>	<b>K208.88</b>	<b>K510.00</b>	<b>K315.00</b>
<b>Effective Annual Interest Rate (%)</b>	<b>36.58%</b>	<b>51.00%</b>	<b>31.50%</b>

#### FINANCIAL BUSINESSES

	Zambia Home Loans
<b>Amount of Loan</b>	<b>K1000</b>
Interest cost	K140.53
Loan application fee	K39.35
Discount Fee	
Processing fee	
Administration fee	
Arrangement fee	
Lease management/ ledger fee	
Commitment fee	
Disbursement fee	
Terminal fee	
Insurance	
Credit Reference Bureau	
Inspection fee	
Search fees	
Facility fee	
Appraisal fees	
Any other credit related charges	
<b>Total Cost of borrowing</b>	<b>K188.18</b>
<b>Effective Annual Interest Rate (%)</b>	<b>32.13%</b>

#### OTHERS

	Development Bank of Zambia	National Savings and Credit Bank
<b>Amount of Loan</b>	<b>K1,000</b>	<b>K1,000</b>
Interest cost	K110.52	K199.52
Loan application fee		
Discount Fee		
Processing fee		
Administration fee		
Arrangement fee		K60.00
Lease management/ ledger fee		
Commitment fee		
Disbursement fee		
Terminal fee		
Insurance		K25.00
Credit Reference Bureau		K30.00
Inspection fee		
Search fees		
Facility fee	K20.00	
Appraisal fees	K10.00	
Any other credit related charges		
<b>Total Cost of borrowing</b>	<b>K140.52</b>	<b>K314.52</b>
<b>Effective Annual Interest Rate (%)</b>	<b>25.20%</b>	<b>31.00%</b>

#### IMPORTANT NOTES FOR THE PUBLIC

Borrowers should note that two financial service providers may show almost the same amount of the monetary (Kwacha) costs of borrowing. However, their Effective Annual Interest Rate may vary widely. The difference in the Effective Annual Interest Rate on loans obtained from different financial service providers arises from factors such as differences in the frequency of compounding interest, differences in the effective loan periods and differences in the average principal amounts outstanding during the effective loan periods.

Irrespective of the specific structure of a given loan, financial service providers licensed by the Bank of Zambia are required by regulations 4 and 5 of the Banking and Financial Service (Cost of Borrowing) Regulations, 1995 to calculate the Effective Annual Interest Rate.

The Effective Annual Interest Rate is the actual cost (price) of a loan. Financial service providers licensed by the Bank of Zambia are required by regulation 7 of the Banking and Financial Service (Cost of Borrowing) Regulations, 1995 to disclose the cost of borrowing to the borrower, at or before the time at which the loan is made.

Therefore, borrowers are hereby informed to insist on financial service providers disclosing to them the Effective Annual Interest Rate that has been computed according to the Cost of Borrowing Regulations.

Borrowers should also use the Effective Annual Interest Rate, including other factors such as convenience and quality of service, to decide on which financial service provider to borrow from.

THIS ADVERTISEMENT IS PUBLISHED BY THE BANK OF ZAMBIA IN THE INTEREST OF PROMOTING TRANSPARENCY IN THE PRICING OF LOAN PRODUCTS



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