



Bank Of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

January 13, 2014

CB Circular No. 01/2014

To : ALL HEADS OF COMMERCIAL BANKS

SI 55 SPLITTING TRANSACTIONS TO AVOID BOP MONITORING FORMS

The Bank of Zambia ("the Bank") has observed with concern that some commercial banks working with certain customers have been processing several foreign exchange remittance transactions in amounts just below the twenty thousand United States dollars (US\$20,000.00) trigger threshold that is prescribed in Statutory Instrument No. 55 of 2013 - the Bank of Zambia (Monitoring of Balance of Payments) Regulations, (hereinafter, "SI No. 55"). The objective of the practice is to circumvent the requirements of Regulations 3(c) and 8(1) of SI No. 55 which respectively require that imports of goods or services exceeding twenty thousand United States dollars (US\$20,000.00) per transaction be supported by a monitoring form and that an importer to whom the threshold applies shall, for any proposed import of goods or services, complete and submit to a commercial bank the import monitoring form set out in the schedule.

The Bank views the conduct of some commercial banks in this practice as clearly calculated to evade the limit prescribed by law. Accordingly, the Bank will take appropriate administrative measures against banks that promote this practice. Further, the law enforcement agencies may take legal action against such commercial banks and/or their customers involved in this practice.

The Bank hereby directs that commercial banks shall, with effect from the date hereof, require customers remitting amounts to the same recipient within the same calendar month exceeding in total the sum of US\$20,000 or the equivalent in any foreign currency, to complete the prescribed Form.

Further, commercial banks are expected to treat unjustified split transactions as suspicious in terms of both the Prohibition and Prevention of Money Laundering Act No. 14 of 2001 and the Financial Intelligence Centre (FIC) Act No 46 of 2010 and report to the Financial Intelligence Centre and the Balance of Payments Monitoring Unit at the Bank of Zambia.

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