



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

February 28, 2011

CB Circular No : 02/2011

To : All Commercial Banks


REVISION OF THE MARGIN ON THE OVERNIGHT LENDING FACILITY WINDOW

Reference is made to CB Circular No. 05/2009 in which the Bank of Zambia informed you of the introduction of the Overnight Lending Facility (OLF) window.

You will recall that the major purpose of the OLF was to enhance the operations of the money markets by creating a window for the availability of short-term liquidity to commercial banks.

Since its introduction, the Bank of Zambia has noted the significant improvements in the money market. In this regard, the Bank of Zambia wishes to advise all commercial banks that the margin applied on the interbank rate for the purpose of determining the OLF rate has been adjusted downwards to 400 basis points from 600 basis points. This change is with immediate effect.

For any queries or clarifications regarding this matter, kindly contact our Financial Markets Department.


Austin K. Mwape (Dr)
DEPUTY GOVERNOR – OPERATIONS

Cc: Governor