



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

June 29, 2004

CB Circular No 04/2004

TO : ALL COMMERCIAL BANKS

REVISED CASH DEPOSIT PROCEDURES

In our continued efforts to improve cash management and reduce the attendant risks associated with cash, the Bank of Zambia has introduced some changes in the manner in which cash deposits and payments are effected at the Bank of Zambia.

In this regard, the following changes will be effected from Thursday, 1st July 2004:

1.0 Cash deposits and withdrawals

- 1.1 All cash withdrawal notices shall be advised to the Bank of Zambia by 14:00 hrs the day before the intended withdrawal;
- 1.2 All cash withdrawals shall be done between 09:00 hrs and 12:00 hrs;
- 1.3 All cash deposit notices shall be advised to the Bank of Zambia by 16:00 hrs the business day before the intended deposit. Such deposits will be attended to between 09:00 hrs and 12:00 hrs the following business day. However, priority will be given to cash withdrawals;
- 1.4 The Bank of Zambia shall continue receiving cash in trunks on a "said to contain" basis. However, as an additional control measure designed to assist commercial banks reduce their exposure to large cash discrepancies, the Bank of Zambia staff shall "bundle verify" commercial banks' deposits before accepting the trunk(s) "said to contain" cash;
- 1.5 Any shortages of bundles found at the time of depositing shall attract the appropriate penalties. In the case of overages, the bundles shall be immediately deposited in the commercial bank's account. At any rate, a formal explanation will be required from the erring bank;

- 1.6 After receipt of cash deposits in bundles as noted in "1.4" above, commercial banks shall lock up and seal their cash bundles in recommended trunks in the presence of Bank of Zambia staff. Only metal seals will be used for this purpose; and
- 1.7 The Bank of Zambia shall take custody of the sealed cash in trunks for detailed verification at a later date. Any discrepancies noted during the detailed note-by-note verification will be dealt with in accordance with existing procedures.

These measures are aimed at minimizing the risk to the Bank of Zambia of receiving cash with large discrepancies that have been observed in the current "said to contain" cash system.

2.0 Use of trunks, seals and packing of cash

By way of emphasis, and as per current requirements, commercial banks are advised to:

- 2.1 Deposit all their cash in trunks with hinges that are built inside the trunks;
- 2.2 Use pre-numbered seals which must be in metallic form rather than plastic ones; and
- 2.3 Continue the practice of separating unfit banknotes from fit banknotes within the three categories of high, middle and low value banknotes.

Kindly note that it is the Bank of Zambia's intention to modernize the whole process of cash storage, deposits and payments at the Bank of Zambia. Key amongst the intended changes will be the use of standard packaging with a pre-defined number of bundles. The Bank of Zambia will soon discuss these proposals with all commercial banks with a view to further improving the overall cash management process.



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