



**BANK Of ZAMBIA**  
OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

**May 24, 2010**

**CB Circular No: 06/2010**

**To : All Commercial Banks/  
Bureaux de Change**

**PROCEDURES FOR THE REPATRIATION OF BANKNOTES BETWEEN  
MOZAMBIQUE AND ZAMBIA**

On February 4, 2009, the Bank of Mozambique and Bank of Zambia signed an Agreement on the repatriation of Banknotes between Mozambique and Zambia. The Agreement is in line with the decision of the Committee of Central Bank Governors (CCBG) of the Southern African Development Community taken in October 1997, on the promotion of Bilateral Agreements on Repatriation of Banknotes taking into account the existence of highly active cross-border trade amongst the regional countries. This was with the view to develop and establish legal and operational instruments that regulate the circulation of currencies of member countries.

The principal objectives of this Agreement, on Repatriation of Banknotes, are to:

1. Allow the citizens of the two countries undertaking economic activities in common border areas to make payments for goods originating from either country using currencies of their respective home countries; and
2. Establish legal procedures for the repatriation of banknotes between the two countries.

Procedures contained herein have been developed to guide commercial banks and bureaux de change and other authorised financial operators in the two countries. Nothing contained in these guidelines shall be deemed to derogate from the existing laws applicable in Mozambique and Zambia.

**I. Definition of Terms**

The terms used in this circular are defined in the attached appendix.

**II. General procedures**

These guidelines prescribe the procedures that should be observed strictly by the commercial banks, bureaux de change and other authorised financial operators that handle the Metical and Kwacha in their transactions in Zambia and Mozambique along common border areas. More specifically:

1. Commercial banks, bureaux de Change and authorised financial operators should accept the exchange of Metical for Kwacha and vice-versa up to the limits established by the countries' central bank;
2. Commercial banks in Zambia shall be responsible for the repatriation of Metical banknotes to Mozambique and shall accept deposits in Kwacha and Metical of economic agents operating along the common border areas;
3. The Metical bank accounts opened by residents shall be considered residents' accounts for the purpose of foreign exchange transactions.

### **III. Repatriation Procedures**

1. Commercial banks that undertake the repatriation of banknotes are required to deliver them within the country of the counterparty;
2. The commercial bank that receives banknotes should confirm the amount of banknotes received within twenty-four (24) hours of receipt of the banknotes;
3. During the re-checking process, the banknotes suspected of being false and/or counterfeited should be sent to the country of issuance for analysis;
4. The sending and receiving banks should produce the Banknotes Delivery Form and Banknotes Reception Form, respectively;
5. The representatives of sender and receiver banks should sign three original copies of the Delivery and Reception Forms each;
6. Each commercial bank should archive one original copy of the Delivery and Reception Forms and send one to the Bank of Zambia and the third to the commercial bank's counterparty;
7. Commercial banks should periodically repatriate banknotes to the country of issuance and shall not keep in their cash vaults amounts greater than the equivalent to USD 250,000 (USD Two Hundred and Fifty Thousand);
8. For delivery purposes, the sender commercial bank should inform in advance, seventy-two (72) hours minimum, the counterparty (receiver bank) of all the details related to the transaction;
9. The sender commercial bank should inform in writing the receiver bank the means of transport to be used, the amount to be delivered, the flight number or vehicle number plate, the weight of the package, stamp number, date and estimated arrival time;
10. The sender commercial bank should pack the banknotes in such a manner as to ensure safe delivery and avoidance of any damage or deterioration during transportation from the departure to the arrival points;

11. The banknotes should be packed in bundles of 1,000 (one thousand) banknotes each, in other words, 10 (ten) sets of 100 (hundred) banknotes each;
12. The banknotes must fit in boxes or bags of 50,000 (fifty thousand) banknotes each, in other words 50 (fifty) packages;
13. The boxes must be properly locked and sealed;
14. The receiver commercial bank should acknowledge receipt of delivery conditions; and
15. During the delivery process, the banknotes should be separated into FIT and UNFIT banknotes.

#### IV. Exchange Rate

1. The exchange rates applicable to the operation under these guidelines will be those prevailing in the market at the time the transactions are undertaken; and
2. The Metical/Kwacha exchange rates to be considered in each transaction shall be those determined in accordance with the foreign exchange policy in force in each country and disseminated through the means to be defined by the respective authorities.

#### V. Submission of Statistical Information

All commercial banks and Bureaux de change will submit statistics of the stock of banknotes of the counterparty's country held in cash vaults as well as statistics and main characteristics on forgeries and counterfeits.

These Procedures take effect immediately.

Kindly be advised accordingly



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**DEPUTY GOVERNOR – OPERATIONS**

Cc: Governor

**Definition of Terms**

**Banknotes Delivery Form** - The document to be filled by the sending bank;

**Banknotes Reception Form** - The document to be filled by the receiving bank;

**Cross-border Trade** - Trade between two countries that have a common border. This involves persons or institutions from one country buying or selling products or services from another along the common border area but excluding capital flows between the two countries;

**Counterparty** – A commercial bank receiving repatriated banknotes from a sending commercial bank and vice versa;

**Economic Activities** - The production and distribution of goods and services;

**Economic Agents** - Producers of goods or services and consumers of goods or services;

**Financial Operator** - Institutions other than commercial banks and bureau de change authorised by the two countries to undertake the business of exchanging currency;

**Kwacha** - Official currency of the Republic of Zambia;

**Metical** - Official currency of the Republic of Mozambique; and

**Resident Account** - A resident account is an account in a financial institution that is owned by persons or institutions from within the country in which the financial institution is registered.