



BANK of ZAMBIA
OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

July 27, 2012

CB Circular No: 11/2012

To : All Authorised Foreign Exchange Dealers

FOREIGN EXCHANGE RATE MARGINS

The Bank of Zambia has observed the presence of great disparities in the spread between buying and selling rates offered by the different foreign exchange dealers. The difference in the spread ranges from 1% to as much as 7%.

To address the distortions and inefficiencies in the market implied by these disparities, the Bank of Zambia previously issued directives to authorised foreign exchange dealers through CB Circular No. 08/2001 dated 23 January 2001 to limit the spread between the buying and selling rate to not more than 2%, inclusive of commissions and other charges.

To ensure uniformity in the application of this directive by all authorized foreign exchange dealers in the market, the Bank of Zambia wishes to reiterate the need for all dealers to abide by the directive.

In this regard, kindly be advised that with effect from Monday, 30th July 2012, all authorised foreign exchange dealers will be required to ensure that the spread between the buying and selling rates does not exceed 2%, inclusive of all commissions and any other charges. In addition, authorised foreign exchange dealers are expected to display their current trading rates and only transact at these rates.

The Bank of Zambia considers that failure by any authorised foreign exchange dealer to adhere to or comply with these directives constitutes an unsafe and unsound practice and may attract Supervisory Action in terms of Sections 77 and 81 of the Banking and Financial Services Act.

Bwalya K. E. Ng'andu (Dr.)
DEPUTY GOVERNOR – OPERATIONS