



**BANK of ZAMBIA**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

**December 4, 2012**

**CB Circular No: 22/2012**

**To : All Commercial Banks**

**ISSUANCE OF GUIDELINES FOR HANDLING COINS AND BANKNOTES**

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In January, 2012, the Minister of Finance, Honourable Alexander Chikwanda announced the Government's decision to approve the Bank of Zambia (BOZ) recommendation to rebase the Zambian Kwacha by dividing the national currency by 1000 units. Subsequently, the Bank of Zambia has communicated the denominations of both banknotes and coins that will make up the new family of the Zambian currency, as follows:

1. Banknotes – K100, K50, K20, K10, K5 and K2 denominations.
2. Coins – K1, 50, 10 and 5 Ngwee denominations.

Given the fact that the market has not handled coins for a long time, the BOZ has prepared Guidelines that deal with management of coins with a view of helping market participants acquire the right equipment and packaging material for coins.

Further, the guidelines stipulate processing fees that will accrue to commercial banks that will be depositing "fit" coins at the Bank of Zambia. It should be noted that the fees will not apply to deposits of "old" coins that the Bank will be withdrawing from circulation.

Kindly find attached hereto, the guidelines for handling the Zambian Coins.

Should you require any further clarifications, please do not hesitate to contact Banking Currency and Payment Systems Department.

A handwritten signature in black ink, appearing to read "Bwalya K. E. Ng'andu".

p.p. **Bwalya K. E. Ng'andu (Dr)**  
**DEPUTY GOVERNOR - OPERATIONS**

Cc: Governor  
Deputy Governor – Administration

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BANK *of* ZAMBIA

# GUIDELINES ON HANDLING ZAMBIAN COINS

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**NOVEMBER 2012**

## **1. INTRODUCTION**

The Bank of Zambia (BOZ) will be introducing a new family of banknotes and coins on 1<sup>st</sup> January, 2013. This follows Government's approval on 23<sup>rd</sup> January 2012 of the BOZ recommendation to rebase the Zambian Currency by dividing the current banknotes and coins by 1000 units. As a consequence, some banknotes and coins in the current family with insignificant value have automatically fallen off from the new family of banknotes and coins.

The new family of the Zambian currency comprises ten (10) denominations, six (6) banknotes namely K100, K50, K20, K10, K5 and K2 and four (4) coins namely K1, 50, 10 and 5 Ngwee. The coins are in the lower value category and are expected to be used for low value transactions as well as for change purposes. The coins are steel plated alloys, lighter in weight and are expected to last longer in circulation.

## **2. OBJECTIVES OF THE GUIDELINES**

The main objective of the guidelines is to lay out methods to be followed in handling, disbursing, collection and deposit of coins. Further, the guidelines seek to guide the entities regarding the type of coin handling equipment to be used in the market.

Considering the fact that Zambia has not had coins in circulation for a long time, the BOZ has formulated guidelines on handling of coins in the market to guide main players in the cash cycle in handling, distribution, collection and depositing of coins.

The guidelines specifically aim to:

- i. Guide the market on the appropriate equipment for handling coins;
- ii. Encourage necessary coin exchange between commercial banks to cover needs from surpluses within the market;
- iii. Optimizing the requisition and/or deposits of coins from and/or to the BOZ thus reducing the uncoordinated injection of surplus and/or shortages of coins into and/or from the money system ; and
- iv. Provide specifications for standard packaging material for coins at wholesale and retail levels.

### 3. COIN SPECIFICATIONS

Table 1 below presents specification of the Zambian coins in terms of size, shape, weight and metal content.

**Table 1: SPECIFICATIONS FOR THE REBASED COINS**

Denomination	Weight per coin (g)	Shape and Edge	Size of coin (mm)	Thickness of coin (mm)	Material of coin
K1	5	Round and serrated	24.00	1.73	Alloy: Nickel plated steel
50 Ngwee	3.5	Round and Serrated	21.00	1.60	Alloy: Bronze plated steel
10 Ngwee	3	Round and plain	20.00	1.57	Alloy: Brass plated steel
5 Ngwee	2.5	Round and Plain	19.00	1.55	Alloy: Nickel plated steel

### 4. WHOLESALE PACKAGING OF COINS

All coins will be packed in 33.5 cm X 24.5 cm clear plastic packets in quantities of 1000 coins for each plastic packet.

Commercial Banks will be requested to draw a minimum quantity of 1000 coins per denomination by the Bank of Zambia.

The BOZ will not accept any orders for coins that do not make the 1000 standard and will also not accept deposits for coins if they don't make a packet of 1000 for each denomination.

The weights and value for a 1000 coin packet for each denomination will be as indicated in Table 2:

**TABLE 2 WEIGHTS AND VALUE OF COINS**

Denomination	Standard Weight/Coin(g)	Standard Weight/1000 pieces of Coins (kg)	Value per bag (ZMW)
K1	5	5	1,000
50 Ngwee	3.5	3.5	500
10 Ngwee	3	3	100
5 ngwee	2.5	2.5	50

## 5. WITHDRAWING COINS FROM BANK OF ZAMBIA

As indicated in 4 above, requests for coin withdrawals shall be made in batches of 1000 coins for each denomination and no fewer than 1000 coins per denomination shall be withdrawn from Bank of Zambia at any given time.

Withdrawal notices for coins may be given separate or as part of a withdrawal notice for banknotes. However, total amount for banknotes and the total amount for coins to be withdrawn should be shown separately as BOZ will provide separate booking references for the two amounts. Beneficiary accounts for the two transactions will be advised in due course.

All other procedures for communicating a withdrawal notice will remain the same as the procedures currently obtaining in the market.

## 6. DEPOSITING COINS AT THE BANK OF ZAMBIA

The BOZ will as much as possible encourage Commercial Banks to trade coins among themselves to ensure circulation. The Bank, except in its sole discretion, shall not exchange coins which have been perforated, cut, clipped, broken or otherwise marked or defaced or the design of which is not recognisable.

In the event that the coins are to be deposited at the BOZ, a fee equivalent to 2% of the total value of the coins deposited will be charged by BOZ. This is on account of the fact that the BOZ will be required to verify and process the coins to ascertain quantity, quality and value before reissuing.

Commercial banks will be required to pack the coins in clear plastic packets containing 1000 coins. The packets will be sealed with a plastic seal.

The coins in each plastic should be of one denomination and a tag bearing the commercial bank's logo, denomination and value should be placed inside the packet. Packets deposited at the BOZ will be labeled with tags placed inside the packets using the colour scheme indicated in table 3 below.

Coins **will not be weighed** when received as deposits at the BOZ Loading Bay but BOZ will require Bank representatives to open the trunks containing the plastic packets to ascertain the number of packets before value is given to the depositing bank. Commercial Banks will label packets deposited at the BOZ with tags placed inside the packets using the colour scheme indicated in table 3 below.

**Table 3: Colour Coding of Tags**

<b>Denomination</b>	<b>Colour of Tag</b>
K1	Blue
50 Ngwee	Pink
10 Ngwee	Green
5 Ngwee	Yellow

## **7. COMMERCIAL BANKS' DEALING WITH CUSTOMERS**

The BOZ will deal with coins at a wholesale level while Commercial Banks will be expected to meet the needs of their customers. The demand from Customers will definitely be for smaller quantities of coins compared to what commercial banks will demand and receive from BOZ.

The BOZ therefore recommends the use of sachets to pack coins in smaller quantities for the retail market.

The sachets will be packed as shown in Table 4.

**TABLE 4: PIECES AND VALUE IN A SACHET**

<b>Denomination</b>	<b>Pieces of Coins in a Sachet</b>	<b>Value in a sachet (K)</b>
K1	50	50
50 Ngwee	50	25
10 Ngwee	50	5
5 Ngwee	50	2.50

The BOZ will provide samples of the sachets which should measure 11.5cm X 9 cm in dimension.

## **8. COIN HANDLING EQUIPMENT**

The reintroduction of coins in the Zambian currency will require players in the market to acquire equipment that will facilitate the smooth handling of coins. In this regard, all commercial banks will be required to invest in coin processing/sorting equipment.

Among the most important equipment are specially calibrated coin scales to weigh deposits and withdrawals of coins. The special scales will provide value of coins. However, it is expected that the weight of the coins will diminish with time due to wear and tear. In this regard, the BOZ will provide variations in weight for the coins once the scientific proof of the loss in weight is obtained.

## HCR – Series – Coin Checker

### Main Features :

- Easy to read LCD display
- Rechargeable battery or mains
- Tare facility – 100% of capacity
- Energy-saving battery feature
- Auto shut off
- Low battery indication
- Battery charger indicator light
- Selectable old/new coins
- Accumulation and add functions
- RS232 interface (optional)
- Program for different currencies
- Ideally suited for businesses where coins and tokens are used, such as BANKS, CASINOS, RETAIL shops



### Specifications :

<b>Model</b>	<b>HCR-15</b>
<b>Capacity</b>	15 kg
<b>Accuracy</b>	1/30000
<b>Pan Size</b>	280mm x 195mm
<b>Display</b>	Liquid Crystal Display (LCD)
<b>Power</b>	AC Adaptor 9V/500mA
<b>Environment</b>	0°C ~ +40°C - less than 80% RH
<b>Dimensions</b>	270 x 330 x 125mm (wxdxh) @ 3.5kg

A sample of the coin scales is shown below. Commercial banks are at liberty to source scales from preferred sources, as long as the scales meet the required standards.

Banks will be required to recalibrate the scales twice in a year to ensure that they remain within the recommended margin of error.

Commercial Banks may acquire any other equipment that will ease the counting of coins to supplement the recommended equipment advised above.

For large scale processing, Commercial Banks and Cash processing centres may be required to use large coin sorting equipment a sample of which is shown below





Banks are advised that various machine models and sizes to suit their processing requirements are available on the market. Below is an example of a desktop small scale processing machine.



## **9. POLICY REFERENCE**

Rules for Cash Deposits and Withdrawals at the Bank of Zambia

### **10. WHERE TO GET HELP**

Assistance with your cash handling questions can be directed to the Director, Banking, Currency & Payment Systems, Bank of Zambia, P.O. Box 30080, Bank Square, Cairo Road, Lusaka.