



**Bank Of Zambia**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

BOZ/EXE/DGO/bcps/cm

27 March, 2015

CB Circular No: 08/2015

To : All Commercial Banks

**AMENDMENT TO SETTLEMENT MECHANISM FOR CASH SHORTAGES**

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Reference is made to CB Circular No. 22/2013 (Settlement of Cash shortages and Penalties) issued on 19<sup>th</sup> December, 2013, in which commercial banks were directed to settle all cash shortages and accompanying penalties directly to the Bank.

Currently, Commercial banks settle cash shortages found during cash verification and the attendant penalties through Financial Settlement Instructions (FSIs) on Real Time Gross Settlement (RTGS). The Bank has noted with concern that commercial banks have not been settling these transactions on time, leading to difficulties in reconciliation both at the commercial banks and Bank of Zambia.

Due to the delays by commercial banks in making good cash shortages as they are advised, the Bank has found it necessary to amend the settlement mechanism for all cash transactions and the related penalties. In this regard, effective 1<sup>st</sup> April, 2015, the Bank will be debiting commercial banks directly with such cash shortages and attendant penalties through the Authorized Settlement Agent facility.

This is aimed at improving the efficiency of cash operations and ensuring quick resolution of cash shortages in the books of the Bank.

The Bank will notify affected commercial bank a day before effecting the debit.

Commercial banks may contact the Acting Director – Banking, Currency & Payment Systems for any clarification relating to the Circular.

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

Cc: Senior Director – Supervisory Policy  
Acting Director – Banking, Currency & Payment Systems