



**Bank Of Zambia**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

BOZ/EXE/DGO/bcps/bp

July 10, 2015

**CB Circular No.: 09/2015**

**To: All Heads of Commercial Banks  
All Heads of Non-Bank Electronic Money Issuers**

**THE NATIONAL PAYMENT SYSTEMS DIRECTIVES ON ELECTRONIC MONEY  
ISSUANCE**

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The Bank of Zambia is mandated under the National Payment Systems Act Number 1 of 2007 to designate, supervise and regulate the payment systems and businesses in Zambia. The Bank has in the recent past authorised a number of institutions to issue electronic money (e-money) in Zambia.

In order to provide guidance and reinforce its oversight to all e-money issuers, the Bank has therefore developed and issued the directives in accordance with Section 43 of the National Payment Systems Act Number 1 of 2007. These directives may be cited as National Payment Systems Directives on Electronic Money Issuance are contained in Government Gazette No. 6404, Vol. LI, No 46 issued on 26 June 2015.

All electronic money issuers are therefore required to comply with the directives.

The directives take effect immediately.

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

Cc Governor  
Deputy Governor – Administration  
Senior Director – Supervisory Policy  
Director – Bank Supervision  
Director – Non-Banks Financial Institutions  
Acting Director -- Banking, Currency & Payment Systems



REPUBLIC OF ZAMBIA

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GAZETTE NOTICE No. 416 OF 2015

[5673354/1

## The National Payment Systems Act (Act No. 1 of 2007)

### The National Payments Systems Directives on Electronic Money Issuance, 2015

WHEREAS, the Bank is entrusted with the responsibility of regulating, overseeing and maintaining an efficient and safe payment system in Zambia; and

WHEREAS, it is the intention of the Bank to protect the integrity of the payment, clearing and settlement system,

NOW THEREFORE, in exercise of the Powers contained in Section forty-three of the National Payment Systems Act, the following Directives are hereby made:

#### PART I PRELIMINARY

##### Short title

1. These Directives may be cited as the National Payment Systems Directives on Electronic Money Issuance, 2015.

##### Application

2. These Directives shall apply to any person conducting or offering to conduct the service of issuing E-money in Zambia.

##### Authority of the Bank

3. (1) The Bank shall be the regulatory authority for the purposes of giving effect to these Directives.

(2) The Bank may, subject to such conditions as it may consider necessary, delegate to any person the performance of any of the powers conferred upon the Bank, in these Directives.

(3) The Bank may require an E-money institution to furnish it with details of any of its operations.

(4) The Bank may require access to the E-money institution's operations, data, commercial bank maintaining the Holding Account, Collection accounts and Agents.

##### Interpretation

4. In these Directives, unless the context otherwise requires—

“Act” means the National Payment Systems Act, 2007;

“Agent” means a person or entity appointed by an E-money institution to provide certain e-money related services on its behalf;

“Average outstanding electronic money” means the average total amount of electronic money liabilities in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month;

“Bank” means the Bank established under the Bank of Zambia Act;

“Collection account” means an account maintained for the purpose of receipt of funds from customers and Agents for sole purpose of purchasing electronic money for onward credit to the Holding account.

“Designation” means the authorization granted by the Bank to enable an entity to operate Electronic money business in Zambia.

“Distributor” means a person—

(a) Acting on behalf of an electronic money institution; and

(b) Engaged by the electronic money institution to distribute and redeem electronic money;

“Electronic money” or “E-money” means electronic store of monetary value as represented by a claim on its issuer, that is:

(a) Issued on receipt of funds in an amount no lesser in value than the value of the e-money issued;

(b) Stored on an electronic device

(c) Accepted as a means of payment by persons other than the issuer; and

(d) Redeemable upon demand for cash denominated in Zambian Kwacha.

“E-money institution” means an entity that is authorized to issue e-money against receipt of funds;

“Holding Account” means a bank account held in trust in which an e-money issuer holds all the funds received from customers and Agents which represent the outstanding e-money liabilities;

“Interoperability” means the ability of a system, product or service to work with other systems, products or services without special effort on the part of the customer;

“Person” shall have the meaning assigned to it in the Act;

“E-wallet” means an electronic device on which a customer holds electronic monetary value; and

“The register” means the register maintained by the Bank under Directive 12;

“Significant shareholder” means any direct or indirect shareholding or beneficial interest in excess of five per cent of the share capital of an e-money institution.

#### PART II

##### REQUIREMENTS FOR AUTHORISATION OR DESIGNATION FOR ISSUANCE OF ELECTRONIC MONEY

##### Authorization or designation to issue electronic money

5. (1) Any person intending to issue e-money shall apply to the Bank for authorization or designation.

(2) Commercial banks shall only require the Bank's authorisation or approval to issue e-money. A bank shall be required to submit, among others, the following—

*Register of electronic money institutions*

12. (1) The Bank shall maintain a register of—
- (a) authorised electronic money institutions and their branches;
  - (2) The Bank may—
    - (a) keep the register in any form it deems fit;
    - (b) include on the register such information as the Bank considers appropriate.
  - (3) The Bank may—
    - (a) publish the register online and make it available for public inspection;
    - (b) update the register on a regular basis; and
    - (c) provide a certified copy of the register, or any part of it, to any person who asks for it—
      - (i) on payment of the fee (if any) fixed by the Bank; and
      - (ii) in a form (either written or electronic) in which it is legible to the person asking for it.

*Minimum capital requirements*

13. (1) An E-money institution shall be required to have an initial capital as prescribed by the Bank and must maintain continuing capital as outlined in (2).

(2) Continuing Capital shall be equal to or greater than 2% of the larger of—

- (a) The current amount of its outstanding e-money liabilities at the end of the prior business day; or
- (b) The average outstanding electronic money liabilities.

(3) Continuing capital shall not fall below the minimum initial capital.

(4) The conditions under which funds may be recognized and measured as capital of an e-money issuer shall include the following:

- (i) Fully paid ordinary shares capital;
- (ii) Share premium account;
- (iii) Retained earnings; and
- (iv) 40% of Revaluation reserves.

(5) An E-money institution that is in operation at the coming into effect of these Directives and does not meet the minimum capital requirements shall be required to build its capital to the prescribed level not later than two years from the date of coming into force of these Directives.

*Issuance and redemption of e-money*

14. (1) An E-money institution shall not—

- (a) Issue e-money unless an equal amount of funds has first been deposited into the Holding Account;
- (b) Issue e-money at a discount;
- (c) Issue e-money on credit; and
- (d) Redeem e-money at more than face value.

(2) An E-money institution shall redeem e-money in cash or by transfer to a customer's bank account provided that such redemption shall be done at face value and any fees or charges owed to the E-money institution may be debited to the customer at the time of such redemption.

*Transaction and balance limits*

15. The Bank shall prescribe transaction and balance limits on the e-wallet for the following categories of customers of an e-money institution—

- (a) Individual;
- (b) Business; and
- (c) Agent

*Unclaimed e-money*

16. (1) Any e-money held by an E-money institution shall be presumed abandoned upon the expiration of one year if there has been no customer initiated transactions on the e-wallet and the person in whose name the e-money is held does not respond to a notice sent by the E-money institution within the one year period.

(2) An E-money institution holding e-money presumed abandoned shall relinquish the funds to the Bank within thirty days after the e-money is deemed abandoned.

(3) An E-money institution holding abandoned e-money at the time of coming into effect of these directives shall immediately relinquish such funds to the Bank.

(4) An E-money institution that relinquishes funds to the Bank under (2) and/or (3) shall retain the records concerning the relinquished funds for 6 years.

(5) A person whose e-money has been relinquished to the Bank in accordance with this directive may claim the funds from the Bank within a period of six years from the date of receipt of the funds by the Bank;

(6) No action to recover, and no other action in respect of any funds presumed abandoned and paid in or relinquished in accordance with this directive may be brought against the paying e-money institution or against the Bank after the sixth year following payment or relinquishing to the Bank, but where the Bank considers it desirable, to avoid hardship or injustice, the Bank may make a payment to a claimant in respect of e-money presumed abandoned to that person.

## PART III

## SAFEGUARD OF CUSTOMERS FUNDS

*Holding Account*

17. For the purposes of these directives "customer funds" comprise sums of funds received in exchange for electronic money that has been issued.

(1) An E-money institution shall hold customer funds in trust on behalf of its customers;

(2) An E-money institution shall maintain the Holding Account at a commercial bank;

(3) The aggregate value of the Holding Account shall at least equal to the total outstanding e-money liabilities at all times;

(4) Customer funds in the Holding Account shall be reconciled to the outstanding e-money liabilities on a daily basis by the E-Money institution;

(5) The E-money institution shall on a daily basis be required to furnish the commercial bank maintaining the Holding Account with the total electronic value on the system;

(6) Any deficiencies in terms of the customer funds to the total outstanding e-money liability shall be rectified the next business day;

(7) Funds held by an E-money institution as required under Sub-Directive i above shall be available on demand to meet requests from customers for redemption;

(8) The Holding Account shall be maintained in such a way as to show that it is an account which is held for the purpose of safeguarding customer funds in accordance with this Directive and shall not be co-mingled with other operational funds;

- (iii) the beneficial owners of the entity providing the agency services; and
- (iv) such other information as the Bank may require.

#### *Outsourcing*

23. (1) An E-money institution shall not outsource the issuance of e-money to a distributor, agent or any other person.

(2) An e-money institution must notify the Bank of its intention to outsource any operational function relating to the issuance, distribution or redemption of electronic money or the provision of payment services.

(3) Where the E-money institution intends to outsource any important operational function, the following conditions shall be met—

(a) the outsourcing is not undertaken in such a way as to impair—

(i) the quality of the institution's internal control; or

(ii) the ability of the Bank to provide effective oversight of the electronic money institution's activities;

(b) the outsourcing does not result in any delegation by the senior management of the e-money institution of responsibility for complying with the requirements imposed by these Directives;

(c) the relationship and obligations of the E-money institution towards its electronic money holders under these Directives is not substantially altered;

(d) compliance with the conditions under which the designation was issued will not be adversely affected; and

(e) None of the conditions of the institution's designation requires removal or variation.

(4) For the purposes of paragraph (3), an operational function is important if a defect or failure in its performance would materially impair—

(a) compliance by the e-money institution with these Directives and any requirement issued under its designation;

(b) The financial performance of the E-money institution; or

(c) The soundness or continuity of the E-money institution's electronic money issuance or provision of payment services.

#### *Responsibilities with third parties*

24. (1) Where an E-money institution relies on a third party for the performance of operational functions it must take all reasonable steps to ensure that these Directives are complied with.

(2) An e-money institution remains liable for any acts of—

(a) its employees or;

(b) Any distributor, agent or entity to which activities are outsourced.

### PART V

#### PROHIBITIONS AND RESTRICTIONS

##### *Prohibition of unauthorized business*

25. (1) A person shall not issue or offer to issue e-money unless the person has been authorized or designated by the Bank.

(2) A person who contravenes Sub-Directive (i) commits an offence and is liable, on conviction, to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding three years, or to both.

##### *Restriction on e-money business*

26. (1) An E-money institutions other than commercial banks shall—

(a) Not undertake any other business other than business that is related to the provision of e-money business.

(b) Not own shares in other undertakings except those that provide functions related to issue of e-money.

(c) Not be in the business of making or granting loans or credit.

(2) A person not regulated under the Banking and Financial Services Act and engaged in business unrelated to e-money but wishes to provide e-money services shall register a new body corporate for the provision of the e-money services.

### PART VI

#### PROTECTION OF CUSTOMER TRANSACTIONS

##### *Know Your Customer requirements*

27. (1) The E-money institution shall comply with Know Your Customer (KYC) requirements issued by the Bank.

##### *Customer transactions*

28. (1) An E-money institution shall establish and maintain such systems and controls that ensure that—

(a) transaction authentication methods do not reject or repudiate valid e-money transactions once initiated by a customer;

(b) customer transactions are completed in real time from the time customer initiates the transaction;

(c) each customer only has one e-wallet with the e-money;

(d) Authorization controls and access privileges for all systems, databases and applications are restricted to authorized person only;

(e) data integrity of the transactions is maintained and protected;

(f) There is clear audit trail for all transactions;

(g) confidentiality of all customer and transaction information is maintained;

(h) Identification, authorization and authentication of transactions is based on international standards;

(2) The E-money institution shall have a business continuity plan and disaster recovery site.

(3) The E-money institution shall have a customer support centre with a mechanism for resolving customer queries timely.

##### *Customer Protection*

29. (1) The E-money institution shall ensure that—

(a) Customers have an understanding of the services being offered;

(b) It discloses to the customer the inherent risks of using the services;

(c) Customers are made aware of the costs of the services before they carry out any transaction; and

(d) Customer data and information is protected and kept confidential.

(2) The E-money institution clearly communicates to the customers the roles, responsibilities and rights of all the parties before transacting with the customers.

(3) The E-money institution shall ensure that all Agents are adequately trained to administer the customer protection requirements in this directive.

*General offence and penalty*

41. A person who breaches any condition or requirement under these Directives commits an offence and is liable, on conviction, to a fine not exceeding two hundred thousand penalty units and for a term of imprisonment not exceeding three years, or to both.

*Directives to come into force*

42. These Directives shall come into force on the day that they are issued by Bank.

LU SAKA B WALYA K.E. NG'ANDU (DR),  
Deputy Governor -Operations

GAZETTE NOTICE No. 417 OF 2015 [5673350

**The Marriage Act**  
(Volume V, Cap. 50 of the Laws of Zambia)

**Appointment of Person to Solemnise Marriages**

IT IS HEREBY NOTIFIED for public information that in exercise of the power conferred upon the Town Clerk for Lusaka City Council by section 5(2) of the Marriage Act, Cap. 50 of the Laws of Zambia, the person named in the Schedule set out hereto is hereby appointed to solemnise marriages in the Republic of Zambia.

P.O. Box 30077 A. MWANSA,  
Town Clerk  
Lusaka City Council  
CIVIC CENTRE  
LU SAKA

SCHEDULE

Name	Church
Pastor Adediran O. Aderonmu	Winner's Chapel International Lusaka, P.O. Box 380061 Lusaka

GAZETTE NOTICE No. 418 OF 2015 [5673350

**The Marriage Act**  
(Volume V, Cap. 50 of the Laws of Zambia)

**Appointment of Person to Solemnise Marriages**

IT IS HEREBY NOTIFIED for public information that in exercise of the power conferred upon me as the Town Clerk of Ndola City Council by section 5(2) of the Marriage Act, Cap. 50 of the Laws of Zambia, the person named in the Schedule attached hereto be appointed to solemnise marriages in the Republic of Zambia.

E. M. SUMANI,  
Town Clerk  
Ndola City Council

SCHEDULE

Name	Position
Robert Bwalya	Apostle

ADVT—923—5673898

**The Citizenship of Zambia Act**  
(Regulation 5)

**Notice of intention to Apply for Registration**

NOTICE IS HEREBY GIVEN THAT—

BASHIR FARAH GODOGODO, of Plot No. 02/08, Garden  
Compound, Lusaka.

is applying to the Board for Registration as a citizen of the Republic of Zambia, and that any person who knows any reason why registration should not be granted should send a written and signed statement of such reason to the Citizenship Officer, P.O. Box 30104, Lusaka, within twenty-eight days from the date of this publication.

ADVT—924—5678897

**The Citizenship of Zambia Act**  
(Regulation 5)

**Notice of intention to Apply for Registration**

NOTICE IS HEREBY GIVEN THAT—

AMINA MOHAMED GODOGODO, of Plot No. 02/08,  
Garden Compound, Lusaka,

is applying to the Board for Registration as a citizen of the Republic of Zambia, and that any person who knows any reason why registration should not be granted should send a written and signed statement of such reason to the Citizenship Officer, P.O. Box 30104, Lusaka, within twenty-eight days from the date of this publication.

ADVT—925—5673807

**The Citizenship of Zambia Act**  
(Regulation 5)

**Notice of intention to Apply for Registration**

NOTICE IS HEREBY GIVEN THAT—

HAVELIWALA BUKAIYA SALIM MUBARAK, of Plot  
No. 2928, Zimba Road, Madras, Lusaka,

is applying to the Board for Registration as a citizen of the Republic of Zambia, and that any person who knows any reason why registration should not be granted should send a written and signed statement of such reason to the Citizenship Officer, P.O. Box 30104, Lusaka, within twenty-eight days from the date of this publication.

ADVT—926—56773083

**The Citizenship of Zambia Act**  
(Regulation 5)

**Notice of intention to Apply for Registration**

NOTICE IS HEREBY GIVEN THAT—

HAVELIWALA RIZWANABANU IRFAN, of Plot No. 2936,  
Obote Road, Madras, Lusaka,

is applying to the Board for Registration as a citizen of the Republic of Zambia, and that any person who knows any reason why registration should not be granted should send a written and signed statement of such reason to the Citizenship Officer, P.O. Box 30104, Lusaka, within twenty-eight days from the date of this publication.

ADVT—927—5678897

**The Citizenship of Zambia Act**  
(Regulation 5)

**Notice of intention to Apply for Registration**

NOTICE IS HEREBY GIVEN THAT—

SALEH SOHANABANU SALIM, of Plot No. 5932, Malata  
Road, Madras, Lusaka,

is applying to the Board for Registration as a citizen of the Republic of Zambia, and that any person who knows any reason why registration should not be granted should send a written and signed statement of such reason to the Citizenship Officer, P.O. Box 30104, Lusaka, within twenty-eight days from the date of this publication.