



**BANK of ZAMBIA**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

BOZ/EXEC/DGO/bcps/bp

January 10, 2020

CB Circular No. : 02/2020

To : All Heads of Commercial Banks

**MEMORANDUM OF UNDERSTANDING BETWEEN BANK OF ZAMBIA AND  
BANK OF TANZANIA**

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We wish to notify all commercial banks that the Bank of Zambia signed a Memorandum of Understanding (MoU) with the Bank of Tanzania on September 21, 2018. The MoU seeks to address the informal trade of foreign currencies along the Tunduma and Nakonde border areas that resulted in the proliferation of illegal money changers at the border. Commercial banks and bureau de change on either side of the borders between Tanzania and Zambia have not been accepting to convert Zambian Kwacha into Tanzanian Shilling and vice versa.

The MoU aims to facilitate the acceptability and convertibility of the Tanzanian Shilling and Zambian Kwacha through the formal registered channels of commercial banks and bureaux de change at the Tunduma and Nakonde border areas. The Bank of Tanzania and Bank of Zambia shall purchase the Shilling and Kwacha collected within their jurisdictions and shall be responsible for repatriating excess currencies for onward delivery to the issuing Central Bank.

All commercial banks domiciled in Nakonde are advised to make the necessary arrangements to begin accepting the Tanzanian Shilling as part of the foreign exchange trading business. The implementation of the exchange is with immediate effect. All commercial banks shall be required to invest in equipment for detecting counterfeit bank notes. The Bank shall make arrangements to share information on the security features of the Tanzanian Shilling in due course.

Please be advised accordingly.

A handwritten signature in black ink, appearing to read 'Francis Chipimo'.

**Francis Chipimo (PhD)**  
**DEPUTY GOVERNOR – OPERATIONS**

cc Governor  
Director – Banking, Currency and Payment Systems  
Director – Bank Supervision  
Director – Non-Bank Financial Institutions Supervision