



Bank of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/fmkts/ns

February 2, 2024

CB Circular No. : 02/2024

To : All Heads of Commercial Banks

ADJUSTMENT TO THE KWACHA AND FOREIGN CURRENCY STATUTORY RESERVE RATIO

Reference is made to CB Circular No. 31/2023 dated November 21, 2023.

The Bank of Zambia wishes to advise all commercial banks that with effect from Monday, February 05, 2024, the minimum statutory reserve ratio on both local and foreign currency deposits, including Government deposits and vostro accounts deposits, will be increased by 9 percentage points to 26.0 percent from 17.0 percent.

In terms of compliance, the revised statutory reserve ratio of 26.0 percent will be based on the *Weekly Return of Selected Assets and Liabilities* as of Wednesday, January 31, 2024.

This increase in the statutory reserve ratio is necessitated by persistently high demand pressures in the foreign exchange market which are contributing to higher inflation. The Bank of Zambia will continue to closely monitor developments in the macroeconomic environment in general and in the financial markets in particular and stands ready to take further measures should they be deemed necessary, in line with its mandate of maintaining price and financial stability.

Francis Chipimo (PhD)
DEPUTY GOVERNOR – OPERATIONS

cc Governor