



Bank of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/fmkts/bp

May 26, 2023

CB Circular No. : 11/2023

To : All Heads of Commercial Banks

**IMPLEMENTATION OF STRAIGHT THROUGH PROCESS FOR
GOVERNMENT SECURITIES PAYMENTS**

The Bank of Zambia (BoZ) has been working on implementing a Straight-Through-Process (STP) for Government securities coupon and maturity payments to improve on the current process where commercial banks are credited with the proceeds for onward crediting of customers' accounts. The BoZ has received feedback from clients that in some instances, payments have been credited late to their accounts and the main reason for the delay is the manual process involved in crediting the investor accounts. The implementation of the STP will eliminate this manual process and ensure timely settlement to customers' accounts.

The Bank, in collaboration with commercial banks, has successfully concluded the STP User Acceptance Tests and is proceeding to replace the generation of advice message type – MT910s with Bank-to-Customer payment message type – MT103s. This change will be effective July 6, 2023. You are, therefore, advised to ensure that the settlement account details for all your clients on the Central Securities Depository are correctly configured before the Go-Live date.

In the case where the account number is incorrect, participants shall be required to return the funds as per provisions made in section 21.4 of the Zambia Interbank Payment and Settlement System (ZIPSS). The payment of any unsettled proceeds to the originating account at BoZ should be no later than 12:00 hours, on the settlement day.

In line with section 24.4.1 of the ZIPSS rules, participants are reminded that failure to return funds by 12:00 hours on the same day, will attract penalty fees calculated based on the BoZ Overnight Lending Facility and the Bank may take supervisory action in accordance with provision of the National Payment Systems Act, 2007.

Please contact the Government Securities team on 0211 399399 and/or email, government.securities@boz.zm, for any clarifications.

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DEPUTY GOVERNOR – OPERATIONS

cc Governor