



Bank Of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/fmkts/bp

December 9, 2019

CB Circular No. : 14/2019

To : All Heads of Commercial Banks

COMPLIANCE AND INCREASE IN STATUTORY RESERVE RATIOS

Reference is made to CB Circular No. 9/2016 dated November 16, 2016 and CB Circular No. 2/2018 dated February 21, 2018.

The Bank of Zambia wishes to advise all commercial banks that with effect from Monday, December 23, 2019, the minimum statutory reserve ratio on both local and foreign currency deposits, including Government deposits and vostro account deposits, will be increased by 4 percentage points to 9 percent from the current 5 percent. In terms of compliance, the revised statutory reserve ratio of 9 percent will be effected based on the Weekly Return of Selected Assets and Liabilities as at Wednesday, December 18, 2019.

Furthermore, effective December 9, 2019, commercial banks will be required to comply with statutory reserve requirements on both local and foreign currency liabilities on a daily basis as opposed to the weekly compliance currently in place. The base for the calculation of the reserve requirements will be the Weekly Return of Selected Assets and Liabilities as at Wednesday, December 4, 2019.

These measures are aimed at restoring and safeguarding stability of the market in order to rein in the adverse impact of the recent exchange rate developments on inflation. The Bank of Zambia will continue to closely monitor developments in the macroeconomic environment and stands ready to take appropriate action as and when the need arises.


P. P. Francis Chipimo (PhD)

DEPUTY GOVERNOR – OPERATIONS

cc Governor
Deputy Governor – Operations