



**Bank Of Zambia**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

BOZ/EXE/DGO/fmkts/bp

February 22, 2017

CB Circular No. : 01/2017

To : All Heads of Commercial Banks

**ADJUSTMENTS TO THE STATUTORY RESERVE RATIO AND THE OVERNIGHT LENDING FACILITY RATE**

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Reference is made to CB Circular No. 07/2015 dated 20 March 2015 and CB Circular No. 20/2015 dated 10 November 2015.

Commercial banks are hereby advised of the following changes regarding the statutory reserve ratio and the overnight lending facility (OLF) rate:

**Overnight Lending Facility Rate**

With immediate effect, the OLF rate has been reduced to 600 basis points above the prevailing Bank of Zambia Policy Rate from 1000 basis points.

**Statutory Reserve Ratio**

With effect from Monday 27 February 2017, the statutory reserve ratio on both Kwacha and Foreign Currency Deposits including Government Deposits and Vostro Account Deposits will be reduced by 2.5 percentage points to 15.5 percent from 18.0 percent.

These measures are aimed at reducing the cost of funds and promoting credit growth in the economy.

The Bank of Zambia will continue to monitor developments in the macroeconomic environment and stands ready to take appropriate measures as and when deemed necessary.

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

Cc Governor