



Bank Of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/fmkts/bp

February 21, 2018

CB Circular No. : 02/2018

To : All Heads of Commercial Banks

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

Reference is made to CB Circular No. 09/2017 dated November 22, 2017.

Commercial banks are hereby advised of the following changes regarding the Overnight Lending Facility (OLF) rate and the statutory reserve ratio.

Overnight Lending Facility Rate

With immediate effect, the OLF rate has been reduced by 50 basis points to 15.75 percent from 16.25 percent following the reduction in the Bank of Zambia Policy Rate to 9.75 percent from 10.25 percent.

Statutory Reserve Ratio

The statutory reserve ratio on both local and foreign currency deposits including Government deposits and vostro account deposits has been reduced by 300 basis points to 5.00 percent from 8.00 percent. This measure will take effect on Monday February 26, 2018.

These measures are aimed at reducing the cost of funds and promoting credit growth in the economy as well as to provide a firm basis for the Policy Rate to be the key signal for the Bank of Zambia's monetary policy stance.

The Bank of Zambia will continue to monitor developments in the macroeconomic environment and stands ready to take appropriate action as and when the need arises.

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DEPUTY GOVERNOR – OPERATIONS