



Bank Of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/bcps/bp

October 14, 2016

CB Circular No. : 06/2016

To : All Heads of Commercial Banks

REVISION OF ITEM VALUE LIMITS ON CHEQUES AND ELECTRONIC FUNDS TRANSFERS

In exercise of its powers contained in Section 5 (3) of the National Payment Systems Act 2007, the Bank of Zambia would like to advise all commercial banks on the revisions to the Item Value Limits (IVL) on cheques and electronic funds transfers as reflected in the schedule. The decision is aimed at promoting the use of electronic payment methods.

In the implementation of the new limits, that splitting of cheques to circumvent the prescribed limits is prohibited as it violates the spirit of this directive. Split cheques will attract a penalty fee on the paying Bank of 25% of the value of the split cheques up to a maximum of two hundred thousand penalty units as stipulated in Section 43 of the National Payment Systems Act of 2007. This fee will be paid to the Zambia Electronic Clearing House Limited (ZECHL) and will be collected on a monthly basis through the paying bank's settlement account held at the Bank of Zambia. These limits shall take effect 180 days from the date of this Circular. CB Circular 03/2008 is therefore repealed.

Failure to comply with the above requirements could in addition attract penalties in line with Section 43 of the National Payment Systems Act of 2007.

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

Cc Governor
Senior Director – Supervisory Policy
Director – Banking, Currency and Payment Systems
Director – Bank Supervision
Director – Non-Bank Financial Institutions Supervision
Chief Executive Officer – Zambia Electronic Clearing House Limited

Schedule

Type of Payment Instrument	Old Item Value Limit	New Item Value Limit
Local Currency Denominated Cheques		
Local Kwacha cheques cleared through the Clearing House	K100, 000.00	K25, 000.00
Local cheques presented over the Counter	K0.00	K25, 000.00
Foreign Currency Denominated Cheques		
Foreign cheques cleared within Zambia	US\$0.00	US\$5, 000.00
Foreign cheques presented over the Counter	US\$0.00	US\$5, 000.00
Electronic Funds Transfer		
Direct Debits	K50, 000.00	K75, 000.00
Direct Credits	K100, 000.00	K500, 000.00