



BANK of ZAMBIA
OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

July 31, 2012

CB Circular No: 12/2012

To : All Financial Service Providers

**GUIDANCE ON THE TREATMENT OF FOREIGN CURRENCY CHEQUES UNDER
STATUTORY INSTRUMENT 33, THE BANK OF ZAMBIA (CURRENCY)
REGULATIONS, 2012**

Following the coming into effect of the Statutory Instrument 33, the Bank of Zambia (Currency) Regulations, 2012, it has come to the attention of the Bank of Zambia that some commercial banks have stopped accepting foreign currency denominated cheques issued by or paid to non-bank financial service providers licensed by the Bank of Zambia. These actions have adversely affected the provision of duly authorised financial services and have potential to disrupt the payment system.

In view of the foregoing, the Bank of Zambia has found it necessary to clarify that, as financial intermediaries, non-bank financial service providers licensed by the Bank of Zambia are authorized by their licences to pay to, or receive from, their customers foreign currency in the ordinary course of their licensed businesses. For the avoidance of doubt, as duly licensed financial intermediaries, non-bank financial service providers are authorised to issue foreign currency leases, loans and advances and, in some instances, take foreign currency deposits. Therefore, commercial banks where non-bank financial service providers maintain accounts are hereby guided to accept foreign currency cheques where the payee or drawer is a financial service provider licensed by the Bank of Zambia. This will prevent unnecessary disruption to the payments system.

However, in instances where both the payee and the drawer to a foreign currency cheque are not licensed financial service providers, commercial banks should exercise the usual customer due diligence to ensure that only legitimate payments are processed.

Further guidance on this matter can be obtained by contacting either the Director - Bank Supervision or the Director - Non-Bank Financial Institutions Supervision.

Please be advised accordingly.


P.P. Bwalya K. E. Ng'andu (Dr)
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