

BANK OF ZAMBIA

2024-2027 STRATEGIC PLAN

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PRESENTATION ON THE OCCASION OF THE LAUNCH OF
THE STRATEGIC PLAN**



Bank of Zambia

OUTLINE OF PRESENTATION



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1.0 OVERVIEW OF BOZ MANDATE

The Bank of Zambia (BoZ) is established under Article 213 of the Constitution of the Republic of Zambia and Section 5 of the Bank of Zambia Act, 2022. Article 213 of the Constitution prescribes the following as the functions of the Bank:

- Issue the currency of the Republic.
- Determine monetary policy.
- Regulate banking and financial services, banks, financial and non-banking institutions.

1.0 OVERVIEW OF BOZ MANDATE

In accordance with the Constitution, Section 5 of the Bank of Zambia Act, 2022 prescribes additional functions of the Bank.

- The Bank of Zambia Act, 2022 prescribes **price stability** and **financial system stability** as the primary functions of the Bank.
- Importantly, the Act goes on to state that the price stability objective shall take precedence, whenever conflicts arise between the two objectives.

1.0 OVERVIEW OF BOZ MANDATE

Some of the additional functions of the Bank as prescribed under Section 5 of the Bank of Zambia Act, 2022 are to:

- a) Formulate and implement macro-prudential policies.
- b) Implement the exchange rate policy.
- c) Hold and manage the international reserve assets of the Republic.
- d) Establish, conduct, monitor, regulate and supervise, and promote the soundness and safety of payment systems.
- e) Act as a banker and fiscal agent to the Government.
- f) Act as a banker to banks.

1.0 OVERVIEW OF BOZ MANDATE

...functions of the Bank continued:

- (g) Assist the Government in the management and administration of domestic and external debt.

- (h) Foster the liquidity, solvency, and proper functioning of a stable market-based financial system.

- (i) Collaborate with international financial institutions in furtherance of the Bank's functions.

- (j) Act as an economic adviser to the Government.

- (k) Issue debt securities on behalf of the Government on terms and conditions that the Bank considers appropriate.

2.0 BACKGROUND

Since the early 2000s the Bank has implemented the following Plans:

PLAN	PERIOD
Interim Strategic Plan – 2003/2004	2003-2004
1st Strategic Plan - 2004/2007	2004-2007
2nd Strategic Plan - 2008/2011	2008-2011
3rd Strategic Plan - 2012/2015	2012-2015
4th Strategic Plan - 2016/2019	2016-2019
5th Strategic Plan - 2020/2023	2020-2023

The 2024-27 Strategic Plan is the 6th Plan since the year 2000.

Implementation of each successive plan has helped the Bank refine and improve strategy formulation and implementation.

3.0 LOOKING BACK– 2020– 2023 STRATEGIC PLAN



The 2020-2023 Strategic Plan had two main focus areas:

- Financial System Stability
- Financial Inclusion

3.0 LOOKING BACK: 2020– 2023 STRATEGIC PLAN

Notable achievements under the 2020-2023 Strategic Plan:

- Enactment of the new Bank of Zambia Act, Number 5, 2022 in 2022 and its coming into force in August 2023. Among other things, the new Act operationalised the Constitutional provision on the operational autonomy of the Bank; established by statute the Monetary Policy Committee (MPC) and the Financial Stability Committee (FSC).
- Developed, in collaboration with Zambia Revenue Authority (ZRA), the Electronic Balance of Payments System (e-BOP) to improve the compilation of Balance of Payments statistics through comprehensive tracking of exports and the proceeds thereof.
- The Real Time Gross Settlement (RTGS) and Central Securities Depository (CSD) systems were successfully upgraded.

3.0 LOOKING BACK – 2020/2023 STRATEGIC PLAN



Notable achievements under the 2020-2023 Strategic Plan (*continued*):

- Alongside the upgraded CSD system, the Bank implemented the Investor Portal (IP) in place of the Government Securities online Portal to allow investors to participate online in auctions of Government securities. The number of newly registered retail investors/clients rose from 975 in 2020 to 6,359 in 2023; reflecting a 6.5-fold increase. This drive is helping to diversify the investor base in the Government securities market.
- The Bank and the financial sector, in general, successfully migrated to the new ISO 20022-1:2013 Standard for Electronic Data Interchange.
- To support innovation in the sector a Regulatory Sand Box was developed and operationalised in 2021.

3.0 LOOKING BACK – 2020/2023 STRATEGIC PLAN

Notable achievements under the 2020-2023 Strategic Plan (*continued*):

- Collaboration frameworks with other data collection agencies for the provision of data were established.
- A stress testing framework and policy were developed, and in August a pilot stress test was undertaken.
- An internal and external cyber security framework was formulated.

3.0 LOOKING BACK – 2020/2023 STRATEGIC PLAN



Notable achievements under the 2020-2023 Strategic Plan (*continued*):

- Developed a financial stability assessment framework and commenced assessment of infrastructure resilience.
- Developed a Crisis Management and Resolution Framework.
- A Financial Inclusion Strategy for the Bank was launched.

3.0 LOOKING BACK – 2020/2023 STRATEGIC PLAN

Notable achievements under the 2020-2023 Strategic Plan(*continued*):

- The Bank enhanced the use of Digital Financial Services. In this regard, directives on Automated Teller Machines, Point of Sale devices, and Mobile Payments transactions were issued to the market. Physical sensitisation campaigns on Digital Financial Services (DFS) were also conducted in all the ten Provinces in the country.
- The Bank took measures to enhance knowledge and visibility on gender mainstreaming. In this regard, we firmly entrenched our role as champions in fostering gender mainstreaming in regulated institutions through the FAMOS checks, support to SME Women's Trade Associations, and participation in national gender-related activities. Consequently, the financial inclusion Gender Gap was reduced to 5.8% in 2020 from 9.9% in 2015.

4.0 MOVING FORWARD— 2024 - 2027 STRATEGIC PLAN



The 2024 - 2027 Strategic Plan:

- Another product of highly collaborative effort within the Bank & with key stakeholders (30 plus stakeholder institutions consulted).
- Adheres to the Bank's Strategic Management Framework.

5.0 KEY FEATURES - VISION & MISSION

The Bank's Vision was revised as follows:

- **Old Vision Statement:** To be a dynamic and credible Central Bank that contributes to the economic development of Zambia.
- **New Vision Statement:** To be a dynamic and credible Central Bank that contributes to the **sustainable** economic development of Zambia.

Rationale for change: Inclusion of the word “**sustainable**” underscores the Bank's desire to contribute to economic development of Zambia by adopting strategies that meet the needs of the present generation without compromising the needs of future generations.

5.0 KEY FEATURES - VISION & MISSION

The Bank's Mission was also revised as follows:

- **Old Mission Statement:** To achieve and maintain price and financial system stability to foster sustainable economic development.
- **New Mission Statement:** To achieve and maintain price and financial system stability to foster sustainable **and inclusive** economic development.

Rationale for change: Addition of the word “**inclusive**” underscores the Bank's desire to pursue economic development which does not exclude any member of society.

5.0 KEY FEATURES - VALUES

The Bank's values were not changed. The value system is underpinned by the slogan "**The BoZ Way Means ACTIONE**", where **ACTIONE** represents:

- A** - *Accountability*
- C** - *Commitment to Excellence*
- T** - *Timeliness*
- I** - *Integrity*
- O** - *Objectives*
- N** - *New Ideas*
- E** - *Equity*

The Bank will also continue to align the above values to the 7 Habits of Highly Effective People which too has been formally adopted by the Bank.

5.0 KEY FEATURES - THEME

The theme for the Plan is,

“Promoting Inclusive and Sustainable Development in a Digitalised World”

This underscores the over-arching goals of the 2024-2027 Strategic Plan.

2024 – 2027 STRATEGIC PLAN FOCUS AREAS



1. PRICE STABILITY

2. FINANCIAL STABILITY

3. FINANCIAL INCLUSION

4. ORGANISATIONAL RESILIENCE AND GROWTH

6.0 Focus Area # 1 – Price Stability

1.1 Enhance the transmission mechanism of monetary policy

1. Deepen the interbank money market.

2. Undertake household and business surveys to better assess the impact of monetary policy on the economy for more informed policy decision-making.

6.0 Focus Area # 2 – Financial Stability

2.1 Strengthen the resilience of the financial system by adopting and entrenching ESG issues and practices within the Bank and in the financial sector

1. Leverage the Bank's vantage position to influence adoption of ESG best practices by regulated entities.
2. Promote compliance to ESG principles in the Supervisory and Regulatory Framework.
3. Develop and implement an internal ESG framework and programme and harmonise it with the Green Policy.
4. Develop capacity of Bank staff in Green Finance and ESG.

6.0 Focus Area # 2 – Financial Stability (continued)

2.2 Improve data collection, management, and application

1. Develop and implement a data warehouse.
2. Implement supervisory technology to digitise reporting and regulatory processes.

6.0 Focus Area # 2 – Financial Stability (continued)

2.3 Strengthen Cyber security resilience and fraud mitigation in the financial sector

1. Establish Financial Sector Cyber Incident Response Team (FINCIRT).
2. Establish a Security Operations Centre (SOC) for the Bank of Zambia, with a view to incorporate artificial intelligence/machine learning capabilities.
3. Formulate and implement a cyber security strategy to guide the supervision of cyber risks across the financial sector.
4. Conduct targeted engagements with other regulators and FSPs to develop and implement an action plan to curb fraud.
5. Develop and implement a regulatory framework on crypto assets and stable coins.

6.0 Focus Area # 3 – Financial Inclusion

3.1 Leverage the Bank's vantage position to influence adoption by FSP's of relevant housing finance products.

1. Assess and support the establishment of a Housing Finance Facility.

2. Review the existing legal and regulatory framework for Housing Finance.

6.0 Focus Area # 3– Financial Inclusion (continued)

3.2 Leverage technology to promote safety and efficiency in the financial system

1. Develop regulations and rules to facilitate implementation of an Electronic and Centralised KYC (eKYC) platform.
2. Develop regulatory framework to support Open Finance.
3. Enhance payment system operating environment to support a 24/7 economy.

6.0 Focus Area # 4 – Organisational Resilience and Growth

4.1 Improve Operational Efficiency and Effectiveness

1. Design and build fit-for-purpose Data Centres to Tier III Data Centre standards
2. Invest in modern technologies, such as, artificial intelligence/machine learning, to enhance organizational efficiency and capabilities.
3. Review and streamline internal processes to enhance operational efficiency and decision making.
4. Refine the Bank's organisational structure in line with legal requirements, best practice and to be fit for purpose.
5. Strengthen Human Capital management and Entrench Desired Organisational Culture.

7.0 COMMUNICATING THE PLAN

The Bank has adopted the measures below to ensure stakeholders and members of the public have access to the Strategic Plan.

1. Distribution of hard copies of the Plan to selected stakeholders.
2. Placement of the Strategic Plan on the BoZ website.
3. Development of a mobile application for the Strategic Plan. Members of the public with android devices may access the Strategic Plan on *Google Playstore* by searching for “*BoZ Strategic Plan.*” Efforts are also underway to make the Plan available on IOS.

Finally, stakeholders and members of the public are encouraged to contact the Bank directly for clarifications on any aspect of the Strategic Plan.

8.0 CONCLUSION



- In conclusion, the Bank notes the critical role and oversight its Board of Directors has played during the formulation of the Plan. The Board will continue to play this critical role during implementation of the Plan.
- The Bank also takes cognisance of the contribution to be made by all stakeholders in achieving the Plan.
- We therefore urge all of you to play your part in the implementation of this Plan for the betterment of our country, Zambia.

THANK YOU FOR YOUR ATTENTION.

GOD BLESS...