



**BANK *Of* ZAMBIA**

**THE CREDIT MARKET MONITORING  
PROGRAMME PHASE II**

**SIGNING EVENT OF THE MEMORANDUM OF UNDERSTANDING  
BETWEEN**

**THE BANK OF ZAMBIA**

**AND**

**FINANCIAL SECTOR DEEPEENING AFRICA**

**AND**

**FINANCIAL SECTOR DEEPEENING ZAMBIA**

**SPEECH BY**

**DR. DENNY H. KALYALYA**

**GOVERNOR – BANK OF ZAMBIA**

**WEDNESDAY, MARCH 20, 2019**

**BANK OF ZAMBIA, LUSAKA**

**SIGNING EVENT OF THE MEMORADUM OF UNDERSTANDING ON THE CREDIT MARKET MONITORING PROGRAMME PHASE II BETWEEN THE BANK OF ZAMBIA AND FINANCIAL SECTOR DEEPENING AFRICA AND FINANCIAL SECTOR DEEPENING ZAMBIA. SPEECH BY DR. DENNY H. KALYALYA, GOVERNOR – BANK OF ZAMBIA – 20 MARCH 2019**

**Chief Executive Officers of Financial Sector Deepening Africa and Financial Sector Deepening Zambia;**

**Other Representatives of Financial Sector Deepening Africa and Financial Sector Deepening Zambia;**

**Directors from the Bank of Zambia present;**

**Representatives of Media Organisations here present;**

**Distinguished Guests;**

**Ladies and Gentlemen.**

I am delighted to be here today to sign the Memorandum of Understanding (MoU) between the Bank of Zambia (BoZ) and Financial Sector Deepening Africa and Financial Sector Deepening Zambia. The MoU we are signing today will govern the relationship between the BoZ and Financial Sector Deepening Africa and Financial Sector Deepening Zambia during implementation of Phase II of the Credit Market Monitoring Programme (CMMP) for Zambia.

**Ladies and Gentlemen,** the CMMP was designed to facilitate collection of credit market statistics as a basis for the formulation of evidence-based policies. The CMMP facilitates the measurement of credit activity, monitoring of important financial sector trends, identification of problems, assessment of the impact of any regulatory interventions in the credit market and development of effective and appropriate regulatory responses. Data from the CMMP is also intended to assist credit providers in performing peer analyses, updating their borrower profiles and market risk models as well as developing new products and delivery channels that better meet the credit needs of the market, especially micro, small and medium enterprises (MSMEs), which are important drivers of economic growth and job creation.

I am happy to report that the BoZ, since the implementation of the Phase I of the CMMP, has published on its website the 2016 and 2017 Credit Market Monitoring Reports and their supporting data sets. The 2018 Report is expected to be published in the second quarter of 2019. I am advised that, in Africa, the BoZ is a pioneer in the publication of the detailed credit market data that it collects. This is an achievement we should all be proud of.

**Distinguished Guests,** our analysis of the credit data collected through the CMMP does not show any appreciable improvements in the flow of credit to SMEs. This suggests an urgent need for the BoZ and other stakeholders to work together to identify and address the barriers to the flow of credit to these underserved segments of our society that have potential to become sources of economic growth.

**Distinguished Guests,** under Phase II, the CMMP will seek to build on the successes recorded under Phase I and will, among other objectives, seek to achieve the following:

- Monitor, in a structured manner, the factors that influence the cost of providing credit by financial service providers;
- Better understand the barriers to the provision of credit to priority areas in Zambia (e.g. SMEs, women, youth, housing finance, agricultural finance) and formulate appropriate solutions; and
- Implement data management systems enhancements to support analysis and utilisation of big data.

**Ladies and Gentlemen,** I would like to assure you that the CMMP is well-aligned with the current BoZ Strategic Plan and, going forward, will constitute a key strategic thrust under the 2020 – 2023 Strategic Plan. Through its continued implementation, the BoZ will contribute to national economic development through development of the credit market. The CMMP is therefore a programme whose success we must all work towards realising.

**In conclusion,** I wish to take this opportunity to express my gratitude to our partners, the Financial Sector Deepening Africa and the Financial Sector Deepening Zambia for their continued support and tireless efforts in the process of designing and implementing the CMMP.

**THANK YOU AND GOD BLESS!**