THE BANK OF ZAMBIA CURRENCY DIRECTIVES, 2025

PUBLIC-PRIVATE DIALOGUE FORUM

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Lusaka

Bank of Zambia

Outline

1. Short Title
2. Interpretation
3. Application
4. Settlement
5. Domestic Transactions with Government
6. Contraventions
7. Commencement
8. Exemptions

Bank of Zambia

<u>GOVERNMENT OF ZAMBIA</u>

The Bank of Zambia Act, 2022

The Bank of Zambia Currency Directives 2025

IN EXERCISE of the powers contained in Sections 18 and 73 of the Bank of Zambia Act, 2022, the following Directives are hereby made:

1. Short title

These Directives may be cited as the Bank of Zambia Currency Directives, 2025.

2. Interpretation

In these Directives, unless the context otherwise requires –

"Bank" means the Bank of Zambia established in accordance with the Constitution and the Bank of Zambia Act, 2022.

2. Interpretation…

"Bank of Zambia mid-rate" means the 09:30 hours average commercial banks' retail buying and selling exchange rate published on the Bank of Zambia website.

"commercial bank" means a bank licensed by the Bank of Zambia under the Banking and Financial Services Act, 2017.

"domestic currency" means the Zambian Kwacha and Ngwee.

"domestic transaction" means a private or public transaction within the Republic that involves payment of a sum of money for the credit of a person resident in the Republic except as contained in the Schedule of Exemptions.

"enclaves of foreign governments and bodies" means diplomatic institutions, embassies and other extraterritorial organisations and bodies.

2. Interpretation…

"engineering services incidental to mining" refers to professional technical and advisory services that support mining operations, such as, exploration, drilling, blasting, and extraction, typically provided by engineers or specialised firms.

"financial service provider or product issuer" means a person that provides financial services under the Banking and Financial Services Act, 2017 or issues products under the Pensions Scheme Regulation Act, 1996, Insurance Act, 2021 or the Securities Act, 2016.

"foreign currency" means –

(a) bank notes and coins, other than the domestic currency, which are legal tender outside the Republic;
(b) any financial instrument denominated in a currency other than the domestic currency; and
(c) any instrument or mode of payment as the Bank may determine.

2. Interpretation…

“foreign currency liability” means a financial right or obligation of a party to a transaction, including a loan, deposit or any such claim defined by its terms to be payable in a currency other than the domestic currency.

“Government” means the Government of the Republic of Zambia or any other Government agency duly mandated to carry out specialised functions of Government.

‘market exchange rate’ means a retail buying or selling rate displayed by a commercial bank.

“non-resident” means an individual or enterprise whose primary economic interests lie outside Zambia. For an enterprise, this refers to an entity that is not incorporated in Zambia, does not have a branch or affiliated enterprise within Zambia, and engages only in limited transactions with Zambian enterprises or individuals. Regarding an individual, non-residents include tourists and transit travellers.

2. Interpretation…

“person” means an individual, a company or an association of persons, whether corporate or unincorporate.

“settlement” means a transfer of funds or monies between parties involving domestic transactions.

“specialised mining equipment” means machinery and tools specifically designed for various tasks involved in mining operations, such as, extraction, transportation, processing, and safety management.

Bank of Zambia

3. Application

These Directives apply to persons and the Government undertaking domestic transactions.

4. Settlement

1) Settlement of payment for domestic transactions shall only be in domestic currency except for transactions contained in the Schedule of Exemptions.

2) Settlement of payment for a domestic transaction under a contract or agreement denominated in foreign currency shall be the corresponding amount of money expressed in the domestic currency converted at the market exchange rate. Where the parties do not agree on the market exchange rate to be used, the Bank of Zambia mid-rate shall be the reference rate.

5. Domestic Transactions with Government

Where the Government is a party to a domestic transaction, neither the Government nor its counterparty shall quote, pay or be paid, demand for payment or receive payment in foreign currency except for applicable transactions contained in the Schedule of Exemptions.

6. Contraventions

1) A person who contravenes these Directives commits an offence and is liable, upon conviction, to a fine not exceeding two thousand five hundred penalty units or to imprisonment for a period not exceeding two years or to both.

6. Contraventions...

2) Where a corporate body or an unincorporated body is convicted of an offence under these Directives, an individual who —

a) is a director of, or is otherwise concerned with the management of, the corporate body or unincorporated body; or

b) knowingly authorised or permitted the act or omission constituting the offence;

shall be deemed to have committed the same offence unless that individual proves to the satisfaction of the court that the act constituting the offence was done without the individual's knowledge, consent or connivance.

7. The Bank may impose an administrative penalty as may be prescribed for a violation of these Directives.

8. Commencement

These Directives shall come into force on xx xxxx 2025.

LUSAKA FRANCIS CHIPIMO

xx xxxx 2025 *Deputy Governor, Bank of Zambia*

SCHEDULE OF EXEMPTIONS

1) Taxes remitted by the mining sector to the Zambia Revenue Authority through the sales of foreign currency to the Bank of Zambia.

2) Tolls paid in foreign currency to Government agencies.

3) The following transactions may be settled in domestic currency or any other applicable currency:

   a) Payment of a sum of money in or towards the satisfaction of an existing or a future foreign currency liability with a financial product issuer or service provider, including dividends, principal, and interest thereof;

The Bank of Zambia Currency Directives, 2025

Bank *of* Zambia

3) …

b) Securities that are denominated in foreign currency or structured with a foreign currency component and regulated by the Securities and Exchange Commission under the Securities Act, 2016;

c) Financial services that are denominated in foreign currency or structured with a foreign currency component and regulated by the Bank of Zambia under the Banking and Financial Services Act, 2017;

d) Insurance policies that are denominated in foreign currency or structured with a foreign currency component and regulated by the Pension and Insurance Authority under the Insurance Act, 2021;

3) …

e) Mining transactions involving:

i. Payment for tolling services in the mining sector, provided both or one of the parties remit taxes to the Zambia Revenue Authority through the sales of foreign currency to the Bank of Zambia;

ii. Inter and intra-company sales of minerals, provided both or one of the parties remit taxes to the Zambia Revenue Authority through the sales of foreign currency to the Bank of Zambia;

iii. Payment to suppliers for highly specialised mining equipment; and

iv. Engineering services incidental to mining.

The Bank of Zambia Currency Directives, 2025

3) …

f) Payment by non-resident for tourism services offered by tourism enterprises registered under the Tourism and Hospitality Act, 2015;

g) Production, transmission, distribution, and trading of electricity;

h) Enclaves of foreign governments and bodies; and

i) Exports and imports

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Thank You!