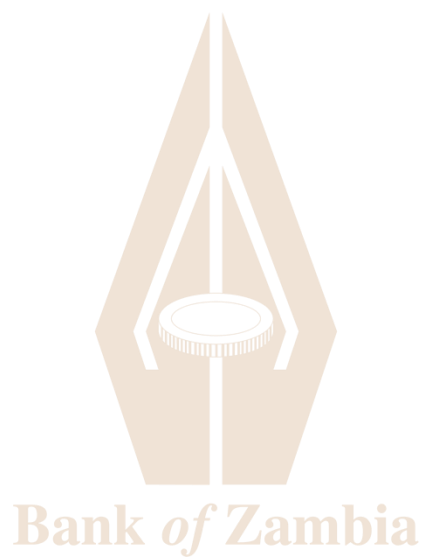


Systemic Risk Survey

September 2025



Bank of Zambia



REGISTERED OFFICES

Head Office

Bank of Zambia, Bank Square, Cairo Road P. O. Box
30080, Lusaka, 10101, Zambia Tel: (+260) 211 399300
E-mail: info@boz.zm

Website: www.boz.zm

Regional Office

Bank of Zambia, Buteko Avenue, P. O. Box 71511, Ndola,
Zambia Tel: (+260) 212 399600
E-mail: info@boz.zm

Website: www.boz.zm

Contents

1.0 Introduction	4
2.0 Survey Results	4
2.1 Key Vulnerabilities in the financial system	4
2.2 Key risks to the financial system in the near term.....	4
2.3 Risks firms would find the most difficult to manage	5
2.4 Overall systemic risk assessment in the near- and medium-term	5
2.5 Systemic risk assessment over the past six months	6
3.0 Conclusion	6

1.0 Introduction

The Bank of Zambia (BoZ) conducts the Systemic Risk Survey (SRS) biannually to reinforce its ongoing systemic risk surveillance and assessment. The survey is intended to gain insights into financial sector participants' perception of risks to financial stability. Respondents include senior management executives responsible for risk management at commercial banks, microfinance institutions, building societies, insurance companies, pension funds, asset managers and non-financial corporates.

This report presents the results of the survey conducted in September 2025. Thirty-seven (37) firms participated, representing a response rate of 76 percent. This was an improvement from 69 percent recorded in March 2025 (Figure 1). The highest response rate was from commercial banks and microfinance institutions (deposit-taking non-bank financial institutions) at 100 percent each while the lowest response rate was recorded at 20 percent from pension funds.

2.0 Survey Results

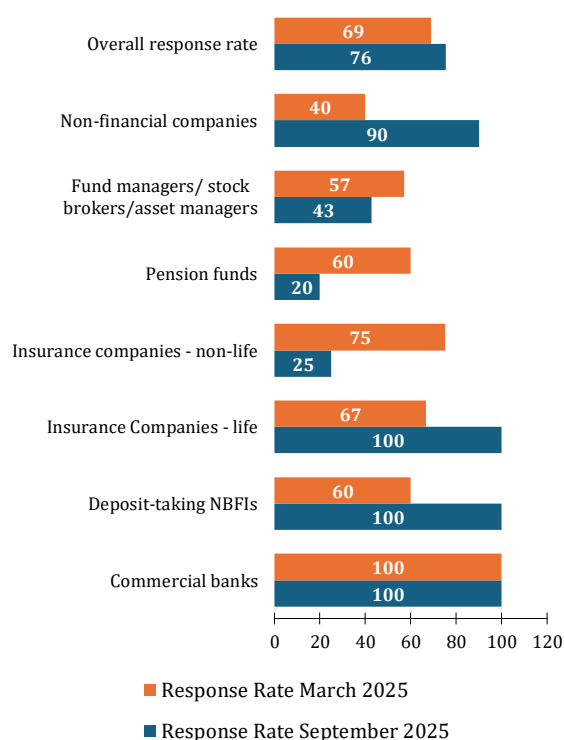
2.1 Key vulnerabilities in the financial system

Respondents were asked what they believed to be the top three vulnerabilities in the financial system. Funding and liquidity mismatches, electricity shortages and the high sovereign bank nexus were cited as the key vulnerabilities (Figure 2). This trend has not changed from March 2025 survey wherein Funding and liquidity mismatches emerged as the top cited financial imbalance.

2.2 Key risks to the financial system in the near term

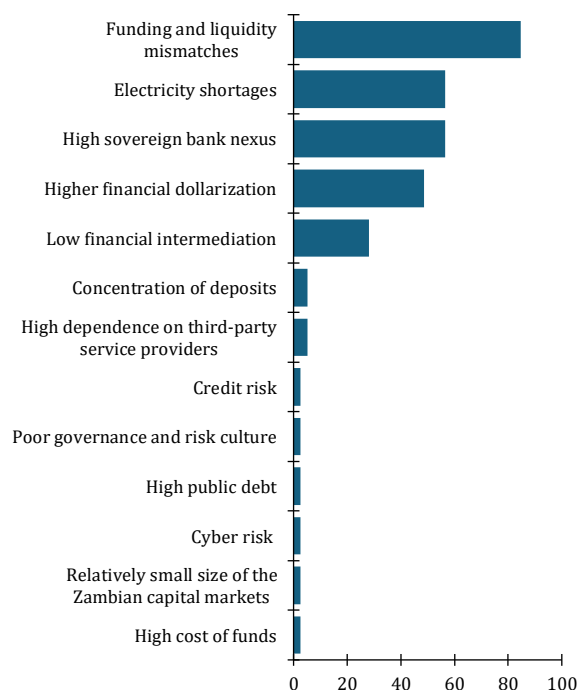
Respondents identified cyber-attacks, exchange rate volatility, and global economic policy uncertainty as the top three risks likely to impact the financial system in the

Figure 1: Survey response rate (%)



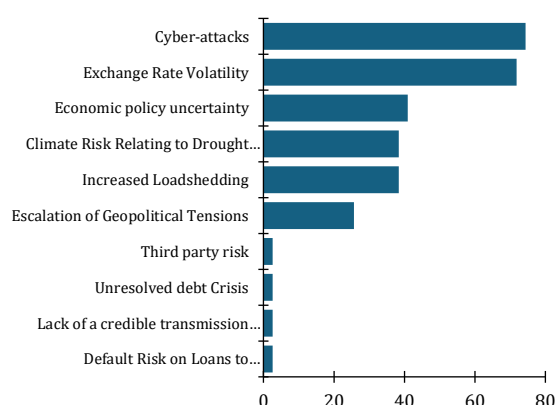
Source: Bank of Zambia staff computations.

Figure 2: Key vulnerabilities in the domestic financial system (%)



Source: Bank of Zambia staff computations

Figure 3: Most cited risks (%)



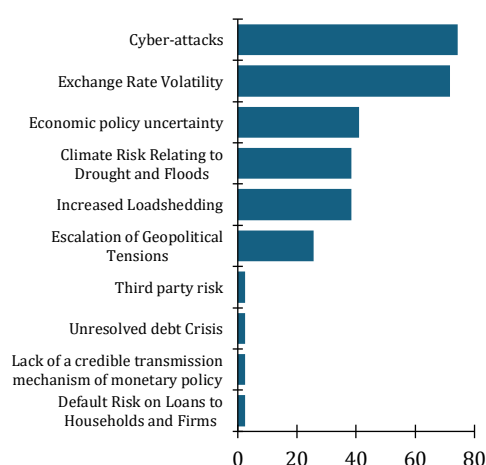
Source: Bank of Zambia staff computations

Table 1: Perceived risks likely to have greatest impact on financial stability by firm (%)

	Banks	Micro Finance Instit.	Insurance Companies	NFCs	Fund and Asset Managers	Pension Funds
Exchange rate volatility	53	40	100	100	67	100
Climate risk relating to drought and floods	47	20	-	44	33	100
Cyber-attacks	87	100	25	56	100	-
Economic policy uncertainty	33	40	50	33	67	100
Escalation of geopolitical tensions	27	20	50	33	-	-
Increased loadshedding	33	80	50	33	-	-
Rising Personal Indebtedness	7	-	-	-	-	-
Lack of a credible transmission mechanism of monetary policy	-	-	-	-	33	-
Unresolved debt Crisis	7	-	-	-	-	-
Third party risk	7	-	-	-	-	-

Source: Bank of Zambia staff computations

Figure 4: Risks most challenging to manage as a firm (%)



Source: Bank of Zambia staff computations

near term (Figure 3). A sector-by-sector analysis (Table 1) reveals distinct risk perceptions across financial and non-financial institutions. Exchange rate volatility is considered a major risk by insurance companies, non-financial companies, and pension funds while cyber-attacks are viewed as having the highest impact by deposit-taking (DT) non-bank financial institutions and fund and asset managers. Commercial banks and pension funds regard climate risk, particularly related to droughts and floods, as the greatest threat.

2.3 Risks firms would find the most difficult to manage

Respondents cited cyber attacks as the most difficult risk to manage (Figure 4). Besides cyber security concerns, they also stated that exchange rate volatility would be difficult to manage. A sector-by-sector analysis showed that banks, microfinance institutions, life insurance, fund managers and non-financial institutions view cyber-attacks as the most challenging risk whilst non-life insurers and pension funds considered the exchange rate volatility to be the most challenging. (Table 2).

2.4 Overall systemic risk assessment in the near- and medium-term

Risk managers expect systemic risk to remain unchanged in the near-term. 57 percent of respondents stated that systemic risk would remain unchanged, against 41 percent in March 2025, 38 percent indicated that it would increase (59 percent in March 2025) while 11% anticipate a decrease (Figure 5).

However, respondents expect system risk to heighten in the medium-term. 49 percent of the survey respondents expect systemic risk to increase, compared with 32 percent in March 2025, 30 percent expect a decrease and 27 percent suggest it would remain unchanged (Figure 6). Overall, respondents are concerned about the risk evolution in the medium term, which they expect to be influenced by uncertainties relating to

Table 2: Risks most difficult to manage by sector classification (%)

	Banks	Micro Finance Institutions	Insurance Companies	Non-financial Companies	Fund and Asset Managers	Pension Funds
Exchange rate volatility	7	20	25	22	33	100
Climate risk relating to drought and floods	13	-	-	22	-	-
Cyber-attacks	27	40	25	22	67	-
Economic policy uncertainty	20	-	25	11	-	-
Escalation of geopolitical tensions	20	20	25	11	-	-
Increased loadshedding	-	-	-	11	-	-
Unresolved debt crisis	7	-	-	-	-	-
Funding and liquidity mismatches	-	20	-	-	-	-
Third party risk	7	-	-	-	-	-

climate change and geopolitical tensions among other factors.

2.5 Systemic risk assessment over the past six months

Risk managers are of the view that systemic risk has remained unchanged in the six months to September 2025. 46 percent of the respondents (compared with 9 percent in March 2025) reported that systemic risk had remained unchanged, 27 percent (down from 53 percent) indicated that it had increased while 27 percent (compared to 38 percent) indicated that it had decreased (Figure 7). Respondents further indicated that exchange rate stability, lessening price pressures, fiscal consolidation, and progress toward macroeconomic stability underlie their assessment of systemic risk developments over the past six months.

3.0 Conclusion

The September 2025 survey reveals that market participants anticipate systemic risk to remain unchanged over the next 12 months while increasing over the following 2–5 years. While concerns over inflation have eased, respondents cited the risk of cyber-attacks as being the most challenging. This is followed by risks related to exchange rate volatility and economic policy uncertainty, which were also identified as top risks on the assessment radar. To ensure financial stability is preserved, risk managers emphasised the importance of strengthening cybersecurity measures, regulatory clarity, and macroeconomic stabilisation.

Figure 5: Expected near-term changes in systemic risk

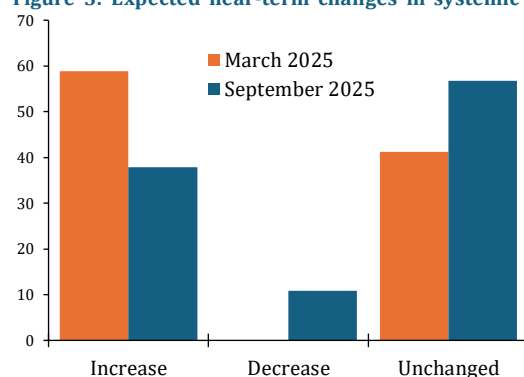


Figure 6: Expected medium-term changes in systemic risk

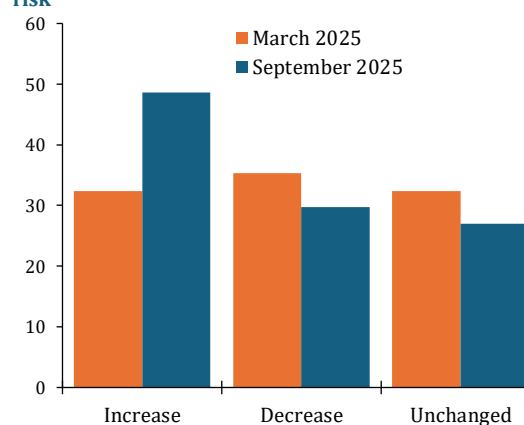


Figure 7: Systemic risk assessment over the past six months (%)

