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The Banking and Financial Services Act, 2017
Act No. 7 of 2017

The Banking and Financial Services (Deposit Insurance) Directives, 2025

Arrangement of Sections

PART I
PRELIMINARY PROVISIONS

1. Short Title and Commencement
2. Interpretation
3. Application

PART II
THE DEPOSIT INSURANCE SCHEME

4. Establishment of Scheme
5. Objectives of Scheme

PART III
MEMBERSHIP OF SCHEME

6. Membership of Scheme
7. Cessation of Membership
8. Effect of Cessation of Membership

PART IV
THE DEPOSIT INSURANCE FUND

9. Deposit Insurance Fund
10. Target Fund Size
11. Management of Fund
12. Duties and Powers of Bank
13. Accounts and Audits

PART V
PREMIUM

14. Initial Premium to Fund
15. Annual Premium
16. Special Premium
17. Risk Based Premium
18. Premium Default
19. Charge or Transfer of Premium
20. Premium Offset

PART VI
COVERAGE, REIMBURSEMENT AND LIMITATION OF CLAIMS

21. Extent of Cover
22. Coverage for Joint Accounts
23. Coverage for Trusts
24. Coverage for Corporate Restructuring Transactions
25. Coverage for Village Banking Accounts
26. Excluded Deposits
27. Reimbursement of Depositor
28. Currency Reimbursement
29. Limitation of Claims

PART VII
GENERAL PROVISIONS

30. Emergency Funding
31. Subrogation
32. Submission of Information
33. Public Awareness
34. Administrative Penalty

PART I
PRELIMINARY PROVISIONS

Pursuant to section one hundred and thirty-two (five) and in exercise of the powers contained in section one hundred and sixty-seven of the Banking and Financial Services Act, 2017, the following Directives are hereby made.

Short Title and Commencement

1. These Directives may be cited as the Banking and Financial Services (Deposit Insurance) Directives, 2025 and shall come into force when published in the Gazette.

Interpretation

2. In these Directives, unless the context otherwise requires –

“Act” means the Banking and Financial Services Act, 2017;

“bank” has the meaning assigned to the word in the Act;

“Bank” has the meaning assigned to the word in the Act;

“corporate restructuring transaction” has the meaning assigned to the words in the Act;

“court” means the High Court of Zambia;

“coverage limit” means the coverage limit determined by the Bank under Directive 21;

“deposit” has the meaning assigned to the word in the Act;

“depositor” means a person who holds a deposit in an account at a member institution;

“failed member institution” means a member institution that is no longer, or is likely to no longer be, viable and has no reasonable prospects with respect to timing and other relevant circumstances of returning to viability on account of the following:

- a. significantly under-capitalised;
- b. insolvent or likely to be insolvent; or
- c. unable to meet its financial obligations when they fall due, including to depositors, irrespective of whether or not the financial service provider is solvent;

“financial institution” has the meaning assigned to the words in the Act;

“Fund” means the Deposit Insurance Fund established under Directive 9;

“holding account” has the meaning assigned to the words in the National Payment Systems Directives on Electronic Money Issuance, 2023;

“initial one-off premium” means the initial one-off monies paid by a member institution under Directive 14;

“insured deposit” means a deposit covered by the Fund up to the coverage limit determined by the Bank under directive 21;

“joint account” means a deposit account held by two or more natural persons in which the persons—

- (a) have signed account opening mandates;
- (b) have accrued rights to make withdrawals; and
- (c) manage the account;

“member institution” means a bank or financial institution that is a member of the Scheme as provided under Directive 6;

“Minister” means the Minister responsible for Finance;

“payout” means a process leading to an outflow of resources from the Fund to meet the obligations relating to reimbursement of insured depositors or a resolution of a member institution;

“person” includes an individual, a company, a partnership, an association, and any group of persons acting in concert, whether or not incorporated;

“premium” means the monies paid into the fund by a member institution under these Directives;

“resolution” means the process by which the Bank manages the failure or likely failure of a bank or financial institution in a way that safeguards financial stability or critical functions performed by the bank or financial institution or protects the interests of depositors;

“risk-based premium” means the monies paid by a member institution under Directive 17;

“Scheme” means a component of the financial safety net for which the Fund is created, designed to protect depositors of member institutions as established under Section 4.

“secured deposit” means a deposit against which a depositor has obtained collateral from the member institution;

“senior management” means persons who are responsible for the day-to-day operations of a member institution and are accountable to the board of the member institution, as the Bank may determine;

“special premium” means the monies paid by a member institution under Directive 16;

"subrogation" means the substitution of the Fund for an insured deposit in respect of a debt, demand, claim, right or remedy for purposes of the Fund superseding any rights that have accrued on the deposit in relation to the debt, demand, claim, right or remedy;

"target fund size" means the size of the Fund, measured as a proportion of the total industry deposits, sufficient to meet the expected future obligations of the Scheme.

"trust account" means an account created under a trust deed, or similar document, which account is administered by a trustee of a trust and the funds in the account are for the benefit of one or more beneficiaries of the trust;

"trustee deposit" means a deposit made, in a trust account, by a trustee of a trust for the benefit of the trust;

"unsafe and unsound practice" has the meaning assigned to the words in the Act; and

"village banking" means an informal financing arrangement where individuals in a community, pool funds of those individuals for purposes of saving the funds in an account held at a member institution or lending the funds amongst the individuals.

Application

3. (1) These Directives shall apply to all member institutions.

(2) These Directives shall not apply to the Bank except in so far as they expressly confer or impose a duty on the Bank.

PART II

THE DEPOSIT INSURANCE SCHEME

Establishment of Scheme

4. There is established by these Directives a Deposit Insurance Scheme.

Objectives of Scheme

5. The objectives of the Scheme are to protect depositors and contribute to financial system stability.

PART III

MEMBERSHIP OF SCHEME

Membership of Scheme

6. (1) A bank or financial institution licensed under the Act shall be a member of the Scheme.

(2) The Bank shall publish information relating to member institutions under these Directives in the Gazette and in a daily newspaper of general circulation in the Republic or electronic media as the Bank may determine.

Cessation of Membership

7. (1) A member institution shall cease to be a member of the Scheme where—

(a) the license issued to the member institution is surrendered by that member institution or cancelled by the Bank;

(b) the member institution is placed under compulsory liquidation by the Bank; or
customer deposits of the member institution are transferred to another member institution. (2)

The Bank shall inform the public of the cessation of a member institution under sub directive (1) by notice in the Gazette and in a daily newspaper of general circulation in the Republic or electronic media as determined.

Effect of Cessation of Membership

8. (1) Where a member institution ceases to be a member of the Scheme under Directive 7—

(a) the member institution shall not be discharged from the member institution's obligations or liabilities to the Scheme that accrued prior to the cessation of the member institution's membership to the Scheme;

(b) the member institution shall indemnify the Scheme where the Scheme makes payment to —

(i) reimburse insured depositors of the member institution; or

(ii) facilitate resolution of the member institution;

(c) a deposit received by the member institution after the cessation of the member institution's membership to the Scheme shall not form part of insured deposits; and

(d) the member institution shall not hold-out as a member of the Scheme.

PART IV

THE DEPOSIT INSURANCE FUND

Deposit Insurance Fund

9. (1) There is established the Deposit Insurance Fund for the purposes of protecting depositors and contributing to financial system stability.

(2) Despite the generality of sub directive (1), the Fund may be applied for the purposes of —

(a) making payments in respect of insured deposits;

(b) facilitating a resolution of a member institution through the resolution option of a purchase and assumption transaction or any other resolution option relating to a deposit transfer provided the amount to be incurred does not exceed that which would have been expended in a payout under liquidation; and

(c) any other matter relating to the protection of depositors as may be determined by the Bank.

(3) Despite sub directive 2 (b), the Bank may pursue a resolution option that exceeds the amount which will be incurred in a payout in liquidation in order to maintain financial stability.

(4) The Fund shall consist of monies that may—

- (a) be paid by member institutions as premiums;
- (b) be recovered from liquidation of assets of a member institution through subrogation;
- (c) be received by way of grants and donations as the Bank may determine;
- (d) be paid as interest from investments;
- (e) be paid as penalties levied on member institutions;
- (f) vest in, or accrue, to the Fund; and
- (g) be payable to the Fund by or under any other written law.

(5) The Fund account shall be held and maintained at the Bank in which premiums paid by member institutions, investment income, grants, and any other monies of the Fund shall be deposited.

(6) The Scheme may invest any monies of the Fund that are not immediately required for purposes of the Fund in a manner determined by the Bank.

Target Fund Size

10. The Bank shall determine the minimum target fund size for the Fund and the time frame within which such minimum target fund size shall be attained.

Management of Fund

11. The Fund shall be managed and administered by the Bank.

Duties and Powers of the Bank

12. (1) Despite the generality of Directive 11, the Bank shall:

- (a) provide strategic direction to the Fund;
- (b) establish appropriate governance structures for the Fund;
- (c) formulate policies, internal rules, and regulations of the Fund;
- (d) be responsible for the public awareness activities of the Fund and keep the public informed of the —
 - (i) roles and responsibilities of the Fund in the financial sector; and
 - (ii) rights of depositors and the procedures to be followed by depositors in a resolution;
- (e) enter contracts in furtherance of the objectives of the Scheme; and
- (f) perform any other function or duty conferred on, entrusted to, or imposed on, the Bank by these Directives or by any other law or do any other thing or take any other action necessary for the attainment of the objectives of these Directives.

Accounts and Audits

13. (1) The Bank shall maintain records relating to the Fund.

(2) The affairs of the Fund shall be audited as part of the Bank's annual audit.

(3) The Bank shall include a report on the Fund in its annual report to the Minister.

(4) The extent of the Fund's liability shall be limited to the Fund's Assets without recourse to the Bank's assets.

Part V PREMIUM

Initial Premium to the Fund

14. (1) A member institution shall pay to the Fund an initial one-off premium at a rate to be determined by the Bank.

(2) The Bank shall notify a member institution, in writing, where the Bank determines the rate of the initial one-off premium under sub directive (1), of the initial one-off premium to be paid by that member institution.

(3) A member institution shall pay an initial one-off premium to the Fund within sixty days on receipt of the notice referred to under sub directive (2).

Annual Premium

15. (1) A member institution shall pay an annual premium to the Fund at a rate to be determined by the Bank.

(2) The Bank shall notify member institutions, in writing, where the Bank determines the rate of the annual premium under sub directive (1), of the annual premium to be paid by that member institution.

(3) The Bank shall, after a member institution is notified under sub directive (2), debit an amount due as an annual premium from the current account of the member institution, held at the Bank.

(4) The Bank shall, after a member institution that is a financial institution is notified under sub directive (2), direct the bank or financial institution where an account of that member institution is held, to debit from that account an amount due as an annual premium.

(5) The premium shall be assessed annually based on simple 12 months average deposits.

(6) The amounts shall be debited in four equal instalments on the last business day of each quarter.

(7) Despite sub directive (6) a member institution may opt to accelerate the payment of premium by advising the Bank accordingly.

(8) A member institution shall be given at least six months' notice prior to the implementation of any change to the premium rate.

Special Premium

16. Despite Directive 15, where the Bank makes a payout from the Fund and the Fund is not sufficient for the implementation of the functions of the Fund following that payout, a member institution shall pay a special premium at a rate and on terms and conditions as may be determined by the Bank.

Risk Based Premiums

17. (1) The Bank may determine and levy a member institution a higher premium rate than the prescribed premium rate based on the risk to the Fund, by that member institution, as identified by the Bank.

(2) The Bank shall establish a framework upon which risk-based premiums shall be determined.

Premium Default

18. (1) Where a premium remains unpaid or debit instruction for an amount for the payment of a premium has not been executed due to insufficient funds on an account of a member institution, the amount which remains unpaid after the due date, shall without notice, attract interest at a rate equivalent to the ninety-one-day treasury bill rate or any other applicable rate as the Bank may determine.

(2) A member institution shall not pay out a dividend or a similar payment to the shareholders of the member institution during the period the member institution is in default of payment of a premium or interest on that premium.

Charge or Transfer of Premium

19. (1) The cost of a premium under these Directives shall not be charged or transferred by member institution, in any form, to a depositor of the member institution.

(2) A member institution that contravenes sub directive (1) is liable to pay an administrative penalty not exceeding one million penalty units for each day that the contravention continues.

Premium Offset

20. A member institution shall not reduce, adjust, or withhold the payment of a premium due or performance of an obligation to the Fund, on the grounds of a set-off or claim that a member institution may have against the Fund.

PART VI

COVERAGE, REIMBURSEMENT AND LIMITATION OF CLAIMS

Extent of cover

21. (1) An amount payable from the Fund in a payout shall be in accordance with the coverage limit as may be determined by the Bank.

(2) Where a depositor maintains—

(a) one deposit account with a member institution, the deposits on the deposit account shall be insured in respect of the principal and interest of the deposit up to the coverage limit referred to under sub directive (1).

(b) more than one deposit account with a member institution, the aggregate of the deposits in the deposit accounts shall be insured in respect of the principal and interest of the deposits up to the coverage limit referred to under sub directive (1).

Coverage of Joint Accounts

22. (1) Where two or more depositors maintain a joint account with a member institution, the depositors shall be identified separately for the purposes of determining the amount payable to each depositor up to the coverage limit referred to under Directive 21.

(2) The Bank shall divide a deposit balance on a joint account equally among the depositors of the joint account where the depositors do not have prior agreement stating the manner in which the deposit should be shared among the depositors.

(3) Where a depositor maintains a joint account and other accounts in the member institution, the amount payable to the depositor shall be the principal and interest of the deposit on the accounts up to the coverage limit referred to under Directive 21 on the aggregated balance across the accounts maintained by the depositor in the member institution.

Coverage for Trusts

23. (1) Despite Directive 21—

(a) Where a member institution is under a lawful obligation to repay monies to a depositor who is a trustee of a trust and the trust is disclosed on the records of the member institution—

i. a trust deposit shall be considered to be a deposit separate from a deposit made by the trustee acting on their behalf or on behalf of another trust with an account with a member institution;

ii. a deposit held in trust by the trustee for each beneficiary of the trust shall be considered to be a separate deposit where the trustee is acting for two or more beneficiaries of a trust; andb)

A deposit held in trust by a trustee for a beneficiary shall be considered to be a deposit separate from a deposit of that beneficiary on their own behalf and be separate from a deposit held in trust by another trustee for the beneficiary in another trust.

(2) Despite sub directive (1)—

(a) the Bank shall not separately protect the deposits held in trust for any beneficiary if, in the opinion of the Bank, the trust exists primarily for the purpose of obtaining or increasing the protection of the deposits; or

(b) deposit held in trust by the same trustee for the same beneficiary shall be aggregated and considered to be one deposit.

(3) A holding account shall not be treated as a trust account under these Directives.

Coverage for Corporate Restructuring Transactions

24. (1) In the event of, or prior to, a corporate restructuring transaction of separate member institutions, depositors of the separate member institutions shall receive separate coverage, up to the coverage limit referred to under Directive 21, for each of the member institutions until the effective date of the corporate restructuring transaction.

(2) The member institutions referred to under sub directive (1) shall notify the depositors of the member institutions, at least thirty days before the effective date of the corporate restructuring, of the date on which the separate cover of the depositors shall expire.

Coverage for Village Banking Accounts

25. (1) Where an account is maintained at a member institution specifically for the purposes of village banking, with identifiable beneficiaries vetted by the member institution when on-boarding the beneficiaries, the amount payable for each beneficiary shall be up to the coverage limit referred to under Directive 21.

(2) The aggregate amount payable to the beneficiaries referred to under sub directive (1) shall be paid into an alternative account to be provided by the signatories of the account referred to under sub directive (1).

(3) Where a beneficiary referred to under sub directive (1) is a beneficiary of more than one village banking account, that beneficiary shall be entitled to separate cover under each account up to the coverage limit referred to under Directive 21.

(4) Despite sub directive (3), the Bank shall not separately protect the deposits held in a village banking account for a beneficiary if, in the opinion of the Bank, the village banking account exists primarily for the purposes of obtaining or increasing the protection of the deposits.

Excluded Deposits

26. Customer deposits of a member institution shall be insured by the Fund, except the following:

- (a) a deposit serving as collateral for a loan, to the extent of an outstanding loan amount;
- (b) secured deposits;
- (c) deposits of a member institution in another member institution;
- (d) deposits of directors and senior management of that member institution;
- (e) deposits of a significant shareholder of that member institution;
- (f) deposits held in a foreign branch of a member institution; or
- (g) a deposit account for which a depositor has not been identified.

Reimbursement of Depositor

27. (1) In the event of a compulsory winding-up of a member institution, the Bank shall, in the manner as the Bank may determine—

- (a) within seven days of an order for winding-up of the member institution, inform the depositors of the member institution of the procedures to be followed in claiming from the Fund, including information relating to—
 - (i) the manner of lodging a claim for the reimbursement of a deposit; and
 - (ii) the agents or persons who have been appointed to process a claim under subparagraph (i) and the addresses of the locations of the agents or persons where the claim can be lodged; and
- (b) provide relevant information to interested parties on the process of the reimbursement of a deposit.

(2) The Bank shall commence payment out of the Fund in respect of insured deposits of a member institution within thirty days from the date the depositors of the member institution are informed of the procedure to be followed in claiming from the Fund under sub directive (1)(a).

(3) The Bank may, where the Bank determines that the process of full reimbursement of an insured deposit may be delayed, make an interim or partial reimbursement as the Bank may determine.

(4) Payment out of the Fund in respect of an insured deposit discharges the Fund from all liabilities to the extent of the amount of the payment made in respect of that insured deposit.

(5) The reimbursement of a deposit under these Directives does not restrict the right of a depositor to the proceeds of winding-up of a failed member institution where the depositor has an unpaid balance on a deposit.

(6) The Bank may withhold the reimbursement of a deposit—

- (a) to a manager or other senior officer of a member institution where the Bank determines that the manager or senior officer acted in a manner detrimental to the interests of depositors or engaged in unsafe and unsound practice;
- (b) to a person who participates or has the authority to participate, in policy making functions of a member institution, whether employed by the member institution or not, where the Bank determines that the persons acted in a manner detrimental to the interests of depositors or engaged in unsafe and unsound practice;
- (c) to an external auditor of a member institution where the Bank determines that the external auditor acted in a manner detrimental to the interests of depositors;
- (d) pending legal proceedings before a court in relation to a depositor, where a depositor is believed to have connived with employees of a member institution or had been a party to, or had knowingly benefitted from, the circumstances which gave rise to the failure of the member institution or any derived benefits from proceeds of crime; and
- (e) to an account with garnishee order, seizure notice or restricted by an agency conducting an investigation, pending determination by the relevant agency.

(7) The Bank may off-set and withhold payment of a portion of an insured deposit of any depositor in a member institution against

a—

- (a) loan or debt due and owing by that depositor to the member institution; or

- (b) claim for damages or losses through negligence or other wrongdoing against a depositor who may be liable to the member institution as a director, shareholder, officer, employee, agent, or other person.

Currency for Reimbursement

28. (1) The Fund shall reimburse an insured depositor in local currency.

(2) Deposits held in foreign currency shall be converted to local currency at the date a failed member institution ceases operations in the following manner;

(a) for a bank, the applicable rate will be the rate that the failed member institution used to translate its foreign currency positions; and

(b) for financial institutions, the applicable rate will be the Bank mid-rate.

(3) Where the date referred to under sub directive (2) falls on a Saturday, Sunday, or a public holiday, the Bank shall convert the deposits held in foreign currency to local currency using the rates prevailing on the immediate preceding business day.

Limitation of claims

29. (1) Despite any other written law, a claim for payment of an insured deposit shall not be brought after the expiry of six years from the date the depositors are informed of the procedures to be followed in claiming from the Fund under Directive 27(1)(a).

(2) A depositor who has, for reasons beyond the depositor's control and to the satisfaction of the Bank, been unable to make a claim within the period specified under sub directive (1) may claim from a liquidator of a failed member institution.

(3) Despite sub directive (2), a person shall not make a claim after the closure of a liquidation of a failed member institution.

(4) The Bank may, where the Bank considers it necessary, withhold payment to a third party in respect of a depositor of a member institution until the depositor has submitted an assignment to the Bank, in writing, stating the transfer, to the third party of the rights and interests of that depositor in relation to a deposit.

Part VII GENERAL PROVISIONS

Emergency Funding

30. The Bank or Government may grant a loan, on terms and conditions as the parties may agree, to be paid into the Fund where the Fund is unable to meet an obligation of the Fund.

Subrogation

31. The Fund shall be subrogated to the rights and interests of a depositor, to the extent of the amount of a payment made out of the Fund by the Bank in respect of that depositor.

Submission of Information

32. (1) A member institution shall submit to the Bank information, data, statements and reports in a manner and form as may be determined by the Bank.

(2) A member institution that contravenes sub directive (1) commits an offense.

Public Awareness

33. (1) The Bank shall provide member institutions with information, at least once a year, including public education materials containing the following—

(a) general information about the Scheme;

(b) what constitutes an insured deposit and an uninsured deposit;

(c) the coverage limit; and

(d) any other information that the Bank considers relevant to the depositors.

(2) A member institution shall display the information provided in sub directive (1) in a conspicuous place at its head office, branches, and outlets.

(3) A member institution shall on its website, Automated Teller Machines screen saver, mobile applications, official stationery and print adverts, make the following representation—"Member of the Zambia Deposit Insurance Scheme"

(4) A radio, television or podcast advertisement made by a member institution shall contain the following statement in English, and any other local language—"Member of the Zambia Deposit Insurance Scheme"

(5) Member institutions shall comply with the requirements under sub directives (3) and (4) within eighteen months of the coming into effect of these Directives.

Administrative Penalty

34. (1) The Bank may impose an administrative penalty on a person for a failure to comply with a provision of these Directives.

(2) An administrative penalty shall not exceed the amount prescribed by the Minister, by statutory instrument, for each day during which the failure continues.

(3) An administrative penalty shall be paid to the Bank within the period specified by the Bank.

Dated this 28th day of October, 2025

F. CHIPIMO (PhD),
Deputy Governor