



REPUBLIC OF ZAMBIA

GOVERNMENT GAZETTE

Published by Authority

Price: K10.00 net
Annual Subscription: Within Lusaka—K300.00

Outside Lusaka—K350.00

No. 6693]

Lusaka, Friday, 31st August, 2018

[Vol. LIV, No. 58

GAZETTE NOTICE No. 731 of 2018

[8282565

Banking and Financial Service (Act No. 7 of 2017)

The Bank of Zambia Prohibition Against Unwarranted Charges and Fees Directives of 2018

1. PREAMBLE

The Bank of Zambia is charged with the responsibility of ensuring sound business practices and consumer protection mechanisms in the financial sector by the provisions of the Banking and Financial Services Act, No. 7 of 2017 (BFSA).

The Bank of Zambia has determined that the imposition of unwarranted charges and fees on the members of the public is an affront to the rights of the consumers of financial services.

The Bank of Zambia has also determined that the imposition of unwarranted charges and fees threatens strides towards financial inclusion in the country.

These Directives are made by the Bank of Zambia pursuant to the powers contained in section 167 of the Banking and Financial Services Act, No. 7 of 2017.

2. PURPOSE OF THE DIRECTIVES

The purpose of these directives is to isolate and prohibit the charges and fees which the Bank of Zambia deems unwarranted.

3. DEFINITIONS

“Bank” has the same meaning assigned to it under the Banking and Financial Services Act;

“Financial Service provider” has the same meaning assigned to it under the Banking and Financial Services Act;

“manager” means an officer of a financial service provider who is in a position to control, direct, or influence decision-making

“unwarranted charges and fees” means such charges and fees imposed by banks and financial institutions which the Bank determines to be unjustifiable and undermines consumer protection and financial inclusion.

4. APPLICATION OF DIRECTIVES

These Directives shall apply to all financial service providers operating in Zambia.

5. PROHIBITION OF UNWARRANTED CHARGES AND FEES

The imposition of charges and fees listed in Clause 8.0 by a financial service provider is hereby prohibited.

The Bank may prescribe additional charges and fees to constitute unwarranted charges and fees.

6. PUBLICATION OF THE DIRECTIVES

A financial service provider shall publicise the contents of this Directive to its customers.

7. SANCTIONS

General Penalty

A financial service provider that contravenes any provision of these Directives commits an offence and is liable upon conviction,

to a fine not exceeding two hundred thousand penalty units or to imprisonment for a period not exceeding two years, or to both.

Administrative Penalties

- (1) Notwithstanding the criminal sanctions provided for under Directive 7.1, the Bank may impose administrative sanctions on a financial service provider or a manager that contravenes the provisions of these Directives.
- (2) The administrative sanctions that the Bank of Zambia may impose may include any of the following:
 - (a) A caution not to repeat the conduct which led to the non-compliance with a provision of these Directives;
 - (b) A reprimand;
 - (c) A directive to take remedial actions or to make specific arrangements to redress the identified non-compliance;
 - (d) A restriction or suspension of certain specified business activities;
 - (e) A suspension of licence for a period not exceeding six months;
 - (f) A suspension from office for a period not exceeding six months;
 - (g) A removal from office;
 - (h) Publication of a public notice of any prohibition or requirement imposed by the Bank under this part and of any rescission or variation thereof and the notice made if the Bank considers necessary will include a statement of the reason for the prohibition, requirement, variation or rescission;
 - (i) A fine not exceeding two hundred thousand penalty units.

8. UNWARRANTED CHARGES AND FEES

The following charges and fees are deemed to be unwarranted and are hereby prohibited:

1. Charge for account opening for both local and foreign currency.
2. Charge for over-the-counter cash deposits and charge for over-the-counter withdrawals (where the amount and or denominations being withdrawn cannot be dispensed by the ATMs).
3. Charge for cash deposit made by a third party into a customer's account.
4. Automated Teller machine (ATM) surcharge.
5. Charge for cash deposit on Automated Teller machine.
6. Charge for aborted ATM cash withdrawals.
7. Charge for ATM pin reset.
8. Charge on a basic Savings Account (without cheque book) operating within contractual terms.
9. Monthly maintenance fees on basic savings accounts (without cheque book).
10. Charge for transfer of funds between retail accounts domiciled in the same bank.
11. Charge for transfer of an account from one branch to another branch of the same bank.

12. Point of Sale (POS) transaction (own bank customer and other bank customers).
13. Additional charges arising from an initial charge generated by the bank (where a customer's account has been overdrawn by a debit transaction initiated by the bank, the customer will not incur charges for the overdrawn balance).
14. A charge for closure of a customer's account, which has operated for more than six months.
15. Charge for re-activating a bank account.
16. Charge for statement of account upon closing of the account, provided the customer has not received a free statement for the month.
17. Charge for Monthly Account Statement (customers are entitled to a free statement per month. However, a charge may apply for any additional statement).
18. Charge for balance and other account inquiries by a customer over the counter or any electronic platform.
19. Initial debit card issuance fees.
20. Debit card maintenance and renewal fees (annual, quarterly or monthly).
21. Charge on inward local fund transfers including on RTGS system and Electronic Funds Transfer (EFT).
22. Charge on inward international funds transfer where the remitter bears the full cost.
23. Charges for amendment or cancellation of a standing order.
24. Ledger fees per entry on a current or savings account.
25. Commission on turnover activities on the account.
26. Fees on debit transactions.

9. EFFECTIVE DATE OF DIRECTIVES

These Directives shall come into force on such day as the Bank shall prescribe.

29th/08/2018

B. K. E. NG'ANDU (DR),
Deputy Governor - Operations

GAZETTE NOTICE No. 732 OF 2018

[8282564

The National Payment Systems Act
(Act No. 1 of 2007)

The National Payments Systems Directives on Processing of Direct Debit and Credit Instructions and funds transfers on the Zambia Interbank Payment Settlement System, 2018

PREAMBLE

WHEREAS, the Bank of Zambia is entrusted with the responsibility of regulating, overseeing and maintaining an efficient and safe payment system in Zambia.

WHEREAS, the processing of direct debit and credit clearing (DDACC) instructions and funds transfers on the Zambia Interbank Payment Settlement System (ZIPSS) is an integral part of the instruments of payment in Zambia; and

WHEREAS, the Bank of Zambia continues to act in furtherance of enhanced safety and efficient processes related to direct debit and credit clearing (DDACC) instructions and funds transfers on the Zambia Interbank Payment Settlement System (ZIPSS).

NOW THEREFORE, in exercise of its powers contained in section forty-three of the National Payment Systems Act, the following Directives are hereby made:

PART I

PRELIMINARY

Short title

1. These Directives may be cited as the National Payments Systems Directives on Processing of Direct Debit and Credit Clearing (DDACC) Instructions and Funds Transfers on the Zambia Interbank Payment Settlement System (ZIPSS), 2018.

Interpretations

2. In these Directives unless the context otherwise requires—
 "Act" means the National Payment Systems Act, 2007;
 "Agent" means a person or entity appointed by a Designated Institution to provide direct debit and credit clearing/electronic funds transfer related services on its behalf;
 "Bank" means the Bank of Zambia established under Article 213 (1) of the Constitution of the Republic of Zambia and section 3 of the Bank of Zambia Act;
 "Designated Institution" means an institution authorised by the Bank to provide funds transfer related services in Zambia through Direct Debit and Credit Clearing (DDACC) or the Zambia Interbank Payment Settlement Systems (ZIPSS).
 "Person" shall have the meaning as assigned in the Act;
 "Straight-through-processing" means an initiative used to optimize the speed at which transactions are processed through the use of a set of operations and technology solutions that eliminate manual processes.

3. All other capitalized terms used herein and not otherwise defined in these Directives shall have the same meanings as those defined in the Act.

Application

4. These Directives shall apply to Commercial Banks, Bank of Zambia and to any person conducting or offering to conduct the service of Processing of Direct Debit and Credit Clearing (DDACC) Instructions or funds transfers on the Zambia Interbank Payment Settlement Systems (ZIPSS).

Authority of the Bank

5. (1) The Bank shall be the regulatory authority for the purposes of giving effect to these Directives.

(2) The Bank may, subject to such conditions as it may consider necessary, delegate to any person the performance of any of the powers conferred upon the Bank, in these Directives.

(3) The Bank may require a designated institution to furnish it with details of any of its operations.

(4) The Bank may require access to the designated institution's operations, data and Agents.

PART II

SERVICE STANDARDS AND RESPONSIBILITIES

6. Each person providing funds transfer related services in Zambia through Direct Debit and Credit Clearing (DDACC) or the Zambia Interbank Payment Settlement System (ZIPSS) shall

- (a) ensure that the person's customers are aware of the person's obligations provided in Schedules I, II, III and IV.
- (b) ensure that the person's customers are aware of their obligations provided in Schedules II, III and IV.
- (c) display Schedules I, II, III and IV prominently at every place where the person offers the service.
- (d) comply with the person's obligations stipulated in Schedules I, II, III and IV.

PART III

PENALTIES FOR NON-COMPLIANCE WITH DIRECTIVES

7. A person that contravenes these directives shall be guilty of an offence and shall be liable to a fine not exceeding two hundred thousand penalty units or for a term of imprisonment not exceeding three years, or both.

PART IV
MISCELLANEOUS PROVISION

8. The Directives shall come into force on the day that they are issued by the Bank.

SCHEDULE

SERVICE STANDARDS

The following shall be the minimum service standards which shall apply to funds transfer related services through Direct Debit and Credit Clearing (DDACC) or the Zambia Interbank Payment Settlement System (ZIPSS):

1. Direct Credits Transmission and Settlement times

Sessions	Processing Time	Where customer instructions are received by the following times;		Beneficiary's account at the receiving bank to be credited no later than:
		Electronic Instruction	Manual Instruction	
One	08.00 to 9.30 Hours	09:00 Hours	08:30 Hours	10:30 Hours
Two	up to 11.30 Hours	11.00 Hours	09:30 Hours	12:30 Hours
Three	up to 14:00 Hours	13:30 Hours	11:30 Hours	15:00 Hours
Four*	up to 15.00 Hours	14:30 Hours	13:00 Hours	15:45 Hours

* Instructions submitted after final cut off times that is 14:30 hours for electronic channels and 13:00 hours for manual instructions may be processed in session one of the next business day. Funds which are not credited to the beneficiary customer's account shall be returned to the originating customer's account in the following session.

2. Direct Debits Transmission and Settlement times

Sessions	Processing Time	A service provider shall submit valid instructions by:	Paying customer's account at the receiving bank to be debited no later than*:	Service provider's Account at the receiving bank to be Credited irrevocably by collecting bank no later than:
One	08:00 to 09.30 Hours	09:00 Hours	10:30 Hours	16:00 Hours
Two	up to 11:30 Hours	11.00 Hours	12:30 Hours	10:30 Hours Next Business Day
Three	up to 14:00 Hours	13:30 Hours	15:00 Hours	12:30 Hours Next Business Day
Four	up to 15.00 Hours	Not Applicable	Not Applicable	Not Applicable

* A paying customer shall ensure that sufficient funds are provided on the respective account on the due date.

3. Zambia Interbank Payment and Settlement System (ZIPSS) Transmission and Settlement times

Description	Processing Time	Where customer instructions are received by the following times;		Beneficiary's account at the receiving bank to be credited no later than*:
		Electronic Instruction	Manual Instruction	
Customer Payments on ZIPSS	08.15 to 16:00 hours	Not later than 15:00 hours,	Not later than 14:30 instruction shall be processed within one (1) hour from the time such payment instructions are submitted by the customer.	One (1) hour after successful settlement on ZIPSS.

* Instructions submitted after final cut off times, that is 15:00 hours for electronic channels and 14:30 hours for manual instructions, may be processed on the next business day. Funds which are not credited to the beneficiary customer's account shall be returned to the originating customer's account in no later than one (1) hour after successful settlement on ZIPSS.

SCHEDULE II

DIRECT DEBIT AND CREDIT CLEARING (DDACC)
CUSTOMER RESPONSIBILITY

REQUESTING CUSTOMER

As a customer requesting for a direct debit and credit clearing (DDACC) transfer service, you have the following responsibilities:

1. Ensure that your account is adequately funded for the DDACC transfer to be effected.
2. Ensure that your DDACC transfer instruction is time-date stamped when you manually deliver an instruction to your bank.
3. Ensure that you provide correct details of the following in your instruction:

(a) Your identification details:

- (i) Surname (if individual) or registered name of entity.
- (ii) First name(s) if individual.
- (iii) Identification number (NRC, Passport, PACRA Number, TPIN or your Service Provider Account Number in your service provider's system (e.g. NAPSA, LWSC, ZESCO or DSTV, etc).
- (iv) Bank account number (13 digits).
- (v) Phone number.

(b) Beneficiary's bank details:

- (i) Beneficiary's full names.
- (ii) Beneficiary's bank account number (13 digits).
- (iii) Beneficiary's bank name.
- (iv) Beneficiary's branch name or sort code.

(c) Transaction details:

- (i) Kwacha amount to be transferred (both figures and words).
- (ii) Description of the transaction.
- (iii) Date of transaction being paid for (Month and Year).

4. Be honest and conduct sincere dealings on your bank account.

5. Subscribe to receive electronic notifications to track transactions.

6. You have the right to query funds transfers that are not processed as per service standards. (Refer to the section on Complaints Procedure.)

ADDITIONAL RESPONSIBILITIES FOR A DIRECT DEBIT INSTRUCTION

For a Direct Debit Transfer, as a customer, you have the following additional responsibility:

1. Ensure that you do not sign up for direct debit arrangements if your financial position does not support a standing order arrangement. Note that bouncing of direct debit instruction attracts penalties in accordance with the National Payment Systems Act. In line with the National Payment System Directives on Cheques and Direct Debits (Issued on Insufficiently Funded Accounts) 2010, your bank shall:

- Charge a penalty on your account for every bounced direct debit instruction;
- Submit account details to the Credit Reference Bureau for every bounced direct debit transaction; and
- Withdraw the direct debit mandate arrangement where a direct debit transaction bounces three times in twelve consecutive months.

RECEIVING/BENEFICIARY CUSTOMER

As a receiving customer of DDACC transfer, you have the following responsibilities:

1. Ensure that you provide correct details of your account to the sender/payer;
2. Be honest and conduct sincere dealings on your bank account;
3. Ensure you do not withdraw funds that have wrongly been credited to your account. Kindly report to your bank on such funds immediately;
4. Subscribe to receive electronic notifications to track all activities on your accounts.

NOTE: The bank has the right to debit all funds wrongly credited to your account including accrued interest thereon to correct the anomaly without obtaining your prior authority.

SENDING BANK RESPONSIBILITIES

SENDING BANK OF DIRECT CREDITS

As the bank sending your direct credit transfer instruction, we have the following responsibilities:

1. We shall ensure that your DDACC transfer instruction is time-date stamped when we receive it at our bank for processing.
2. We shall process funds transfer instructions in line with the service standards;
3. We shall publish the bank sort codes for our customers' use;
4. We shall sensitize our customers on proper account conduct/usage; and
5. Where you have a complaint, we shall endeavor to resolve the issue within seven (7) business days, see complaints procedure.

SENDING BANK OF DIRECT DEBITS

As a sending bank of direct debit files, we have the following responsibilities:

1. We shall ensure that we send a direct debit file to a Paying Bank on the respective due date;
2. We shall ensure that only a valid direct debit transaction is sent to a Paying Bank as prescribed in the Zambia Electronic Clearing House (ZECH) rules;
3. We shall ensure that we forward a duly completed direct debit mandate to a Paying Bank on behalf of each service prover.

RECEIVING BANK RESPONSIBILITIES

As the bank receiving your DDACC credit transfer instruction, we have the following responsibilities:

1. We shall apply credit to your account in line with the service standards;
2. We shall reverse all wrongly credited amount from your account as soon as the anomaly is discovered without obtaining authority from you;
3. We shall publish the bank sort codes for our customers' use; and
4. We shall ensure that we provide you with electronic notifications to track all activities on your account.

As a Paying Bank of direct debit files, we have the following responsibilities:

1. Shall ensure that you validate a direct debit transaction against a valid mandate;
2. Shall ensure that you reject a direct debit transaction that is not supported by a valid mandate in line with ZECH rules;
3. Shall ensure to collect and remit regulatory penalties when a customer bounces a direct debit transaction due to insufficient funds;
4. Shall ensure that a customer that bounces a direct debit transaction due to insufficient funds is reported to the Credit Reference Bureau in line with the National Payment System Directives on unpaid cheques and direct debit transactions; and

5. Shall withdraw the direct debit mandate arrangement where a customer bounces a direct debit transactions three transactions in twelve consecutive months.

SCHEDULE III

RTGS SYSTEMS/ZIPSS

CUSTOMERS RESPONSIBILITIES

RTGS stands for real-time gross settlement, which is a system that allows commercial banks to send funds to other banks in Zambia in real-time on behalf of their customers (individual or companies) or on their own behalf. The system does not have a minimum or maximum limit on the amount that can be transferred. The RTGS system is also referred to as the Zambia Interbank Payment and Settlement System (ZIPSS).

As the Sending customer of an RTGS/ZIPSS transfer, you have the following responsibilities:

1. Ensure that your account is adequately funded for the RTGS/ZIPSS transfer to be effected;
2. Ensure that your RTGS/ZIPSS transfer instruction is time-date stamped when you manually deliver it to your bank;
3. Ensure that you provide correct details of the following in your instruction:
 - (a) Your identification details:
 - (i) Surname (if individual) or registered name of entity
 - (ii) First name(s) if individual
 - (iii) Identification number (NRC, Passport, PACRA Number, *TPIN*)
 - (iv) Bank account number (13 digits)
 - (b) Beneficiary's bank details:
 - (i) Beneficiary's name
 - (ii) Full beneficiary's bank account number (13 digits)
 - (iii) Beneficiary's bank name
 - (c) Transaction details:
 - (i) Amount to be transferred (both figures and words).
 - (ii) Description or purpose of the transaction.
4. Be honest and conduct sincere dealings on your bank account;
5. Ensure you subscribe to receive electronic notifications to track all account activities on your accounts; and
6. Ensure that you report delayed transfers from your account that are not processed within 24 hours from time they are delivered to your bank.

As a beneficiary customer of an RTGS/ZIPSS transfer, you have the following responsibilities:

7. Ensure that you provide correct details of your account to the sender/payer;
8. Be honest and conduct sincere dealings on your bank account;
9. Ensure you do not withdraw funds that have wrongly been credited to your account. Kindly report to your bank on such funds; and
10. Ensure you subscribe to receive electronic notifications to track all activities on your accounts.

NOTE: The Bank has the right to debit all funds wrongly credited to your account including accrued interest thereon to correct the anomaly without obtaining your prior authority.

SENDING BANK OBLIGATIONS

As The Bank sending your RTGS/ZIPSS transfer transaction, we have the following responsibilities:

1. We shall put in place mechanisms including straight-through-processing (STP) to ensure timely processing of your payment instruction received through electronic channel;
2. We shall ensure that your RTGS transfer instruction is time-date stamped when we receive it for processing;
3. We shall process your transaction within one (1) hour from the time that we receive your transfer instruction to transfer funds through the RTGS/ZIPSS when the instruction is received before 14:30 hours;
4. We shall ensure that all payment instructions we receive from you after 14:30 hours are at the latest processed by 09:00 hours of the next business day;
5. We shall effect all funds transfer instructions through the RTGS/ZIPSS without restrictions in terms of minimum or maximum amount;
6. We shall sensitise you as our customers on proper account conduct; and
7. Where you have a complaint, kindly refer to the complaints procedure for guidance on to make a complaint.

RECEIVING BANK OBLIGATIONS

As The Bank receiving your RTGS/ZIPSS transfer, we have the following responsibilities:

1. We shall put in place mechanisms including straight-through-processing (STP) to ensure timely processing of your payment instruction;
2. We shall credit the RTGS/ZIPSS transactions to your account as soon as settlement has taken place on the RTGS/ZIPSS;
3. In exceptional cases that manual intervention is required for such settlements to be effected on the core banking system, such interventions shall not take more than one (1) hour after successful settlement on RTGS/ZIPSS; and
4. We shall reverse all amounts wrongly credited to your account as soon as the anomaly is discovered without obtaining authority from you.

SCHEDULE IV COMPLAINTS PROCEDURE

1. Where you have a complaint, we shall resolve the problem within seven (7) business days. The complaint procedure shall be as follows:

(a) Lodge formal complaint with our bank and ensure that we acknowledge receipt of the complaint;

(b) If the matter remains unresolved after seven (7) days, you may write to the Chairman of the Bankers' Association of Zambia enclosing copies of all correspondence for consideration. The address of the Bankers' Association of Zambia is as follows:

The Chairman,
Bankers' Association of Zambia
Mukuba Pension House, Dedan Kimathi Road,
Box 31936
LUSAKA
ZAMBIA
E-mail: bazsecretariat@baz.co.zm

(c) If you are still in dispute and the matter remains unresolved after seven (7) days of submission to the Chairman of BAZ, you may appeal to the Bank of Zambia on the following address;

The Director – Banking, Currency & Payment System
Bank of Zambia
Box 30080
LUSAKA
ZAMBIA
E-mail: pr@boz.zm

DR. B. K. E. NG'ANDU,
Deputy Governor – Operations