



Bank Of Zambia

National Payment Systems

Vision & Strategy 2018-2022



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Zambia National Payment System Vision & Strategy

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THE FRAMEWORK AND STRATEGY FOR IMPLEMENTATION

This document encompasses the strategies and framework for implementation of further reforms in the National Payment System that are aimed at enhancing safety and efficiency as well as providing for inclusive payment systems in Zambia.

In line with the principle of cooperative approach to the reform of the National Payment System, details regarding the implementation of the said National Payment System Vision and Strategy will be discussed and agreed by all parties including and not limited to the Bank of Zambia, other regulatory authorities, the Bankers' Association of Zambia, payment systems operators and businesses. Due consideration will be given to cost implications and the public interest.

The Bank of Zambia in conjunction with all the stakeholders that includes the Banker's Association of Zambia and payment systems operators and businesses will proceed with the research, investigations, negotiations and practical implementation that may be necessary to bring about the said reforms in the National Payment System.

The successful implementation of the strategies and framework will depend on cooperation among various payment systems stakeholders. The Bank of Zambia looks forward to working with the stakeholders to achieve Vision 2022.



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FOREWORD

Since the publication of the last Vision and Strategy document covering the period 2013 to 2017, a number of milestones have been achieved. These include among other things issuance of the National Payment Systems Directives on Electronic Money Issuance, adoption of the Principles for Financial Market Infrastructures, issuance of tiered KYC requirements, implementation of a second generation Real Time Gross Settlement (RTGS) system and Central Securities Depository (CSD), adoption of some electronic payment methods by Government and going live in regional payment systems (SIRESS and COMESA REPSS)

While a number of milestones were achieved, other strategies were not fully accomplished. Furthermore, new challenges are being faced which require new strategies to surmount them. The National Payment System Vision 2022 will thus build on the achievements of the National Payment System Vision 2017. Further, Vision 2022 recognizes the emergence of priority areas such as Financial Inclusion, Cyber Security and Consumer Protection.

The successful implementation of the strategies contained in this document will depend on the continued involvement and cooperation of all payment system stakeholders.

ACRONYMS

COMESA	:	Common Market for Eastern and Southern Africa.
SADC	:	Southern African Development Community.
NFS	:	National Financial Switch
RTGS	:	Real Time Gross Settlement
ZIPSS	:	Zambia Interbank Payment and Settlement System
EFT	:	Electronic Funds Transfer
ZICTA	:	Zambia Information Communications and Technology Authority
SEC	:	Securities and Exchange Commission
CCPC	:	Competition and Consumer Protection Commission
PIA	:	Pensions and Insurance Authority
ZRA	:	Zambia Revenue Authority
FIC	:	Financial Intelligence Center
PFMIs	:	Principles for Financial Market Infrastructures
FMI	:	Financial Market Infrastructure
BIS	:	Bank for International Settlement
IOSCO	:	International Organization of Securities Commissions
COMESA REPSS	:	COMESA Regional Payment and Settlement System
SIRESS	:	SADC Integrated Regional Electronic Settlement System

BACKGROUND

Since the early 1990s, the Bank of Zambia together with various stakeholders has undertaken various initiatives to modernize the national payment system in Zambia. This modernization of the National Payment System was done with the primary objective of ushering in payment system infrastructures that are safe and efficient for the support of individuals, businesses, implementation of monetary policy and economic development. Over the years, a number of milestones have been achieved, notable of which are:

- i. Establishment of the Zambia Electronic Clearing House Limited in 1999;
- ii. Implementation of Direct Debit and Credit Clearing (DDACC) in 2001;
- iii. Implementation of the Real Time Gross Settlement (RTGS) in 2004;
- iv. The enactment of the National Payment Systems Act of 2007;
- v. Authorization of Electronic/Mobile Money Issuers 2010;
- vi. Implementation of the Cheque Truncation Systems in 2012;
- vii. Implementation of regional payment systems under SADC and COMESA which were both implemented in 2014;
- viii. An upgrade of the RTGS to the second generation RTGS was implemented in 2014 to enhance the resilience of the system.
- ix. Linking of various stakeholders to the RTGS system as follows:
 - a) Linkage of the RTGS to the Central Securities Depository in 2014. This has enhanced efficiency and will allow for implementation of delivery versus payment for Government securities;
 - b) The Zambia Electronic Clearing House systems were linked to the RTGS system to allow for straight through processing of the net settlement instructions resulting from Cheque Image Clearing (CIC) and the Electronic Funds Transfer (EFT) system;
 - c) The linkage of the RTGS and the IFMIS in 2015 has enabled the Ministry of Finance to generate electronic transactions from the IFMIS system for settlement on the RTGS system through the Treasury Single Account; and
 - d) Linkage of the Zambia Revenue Authority to the RTGS in 2015. ZRA is now able to collect more timely information on its revenue collections;
- x. Implementation of Europay MasterCard Visa (EMV) payment card standards;
- xi. Adoption and implementation of the Principles for Financial Market Infrastructures in 2015; and
- xii. Issuance of the National Payment Systems Directives on Electronic Money Issuance in 2015.

Despite the achievements outlined above there still remains a lot more to be done in modernizing the payment systems in Zambia.

REVIEW OF VISION 2017


Under Vision 2017, the Bank envisioned to have an efficient, convenient, reliable and secure National Payment System by 2017. This was intended to be achieved through the creation of an appropriate regulatory environment, enhancement of the resilience of Zambia Interbank Payment and Settlement System for Large Value payments, achievement of interoperability between the various electronic retail payment methods, active participation in regional (SADC and COMESA) integration initiatives and consumer education. The progress made in the attainment of Vision 2017 is highlighted below:

Regulatory environment:

- The National Payment Systems Directives on Electronic Money Issuance were issued in June 2015. The purpose of these directives is to give specific guidance on electronic money issuance for the purpose of protecting the integrity of the payment stream.
- The Bank of Zambia signed a Memorandum of Understanding (MOU) with the Zambia Information and Communication Technology Authority (ZICTA). The MOU was aimed at promoting integrity, efficiency and financial soundness of mobile financial service providers by improving effective regulation and supervision of cross-authority transactions.
- In February 2015, the Bank of Zambia officially adopted the Principles for Financial Market Infrastructures issued by the BIS and IOSCO.
- To promote safety in the card payments in the country, the Bank of Zambia issued a circular on the implementation of Europay, Mastercard and Visa (EMV) chip and pin Standards to all commercial banks and card based payment systems/payment system businesses. The requirement for industry to implement the chip and pin standards was aimed at minimizing card frauds and thereby safeguard customer funds.
- Revision upwards and harmonization of transaction and balance limits for electronic money issuers and money transfer businesses.
- Issuance of a circular allowing the earning of interest on trust accounts for non-bank electronic money issuers.
- Revision of the item value limits in 2017 was aimed at promoting the use of electronic payment methods. The item value for cheques was revised downwards while those for electronic funds transfers were revised upwards.

Large Value Payments

Under NPS Vision 2017, the RTGS was assumed to be the critical payment system for large value payments. In September 2014, the Bank of Zambia implemented a second generation Real Time Gross Settlement (RTGS) system and Central Securities Depository (CSD). Implementation of the two integrated



systems has improved operational resilience and efficiency. The seamless integration of the RTGS and CSD systems has made it possible to achieve Delivery versus Payment (DvP) for government securities trading. The new RTGS has also made provision of Straight Through Processing (STP) of transactions from commercial banks' core banking systems and the Zambia Electronic Clearing House Limited (ZECHL) systems. Further, the new RTGS has enabled the Ministry of Finance to generate electronic transactions from the IFMIS system for settlement on the RTGS system via the Treasury Single Account (TSA).

Retail Payments

Vision 2017 identified the implementation of the National Financial Switch (NFS) as a critical success factor for the development of retail payments. Significant progress has been made on the implementation of the National Financial Switch including delivery of hardware and software, configuration testing and drafting of NFS rules.

The NFS will be implemented in two Phases. Phase one will cover the ATM and POS payment streams and is expected to go live in 2018. Phase two will cover mobile payments.

Cross Border Payments

Zambia, as a country went live on the SADC Integrated Regional Electronic Settlement System (SIRESS) and the COMESA Regional Payment and Settlement System (COMESA REPSS) in September and December 2014 respectively. These regional payment systems are expected to reduce the transaction time and cost of making payments resulting in increased trade and investment in the regions.

Consumer Education

Under vision 2017, a number of milestones were achieved including the following:

- Financial literacy week programs
- Nation-wide campaigns to promote electronic payment methods
- Conduct of financial literacy education campaigns in all provinces
- Financial literacy activities in schools

1.0 VISION 2022

To have an inclusive National Payment System that supports sustainable economic development and safeguards the interests of all stakeholders. It is envisioned that most payment systems available in Zambia will contain the following attributes.

1.0.1 Inclusive/accessible

Payment systems will have fair and open access to their services by both direct and indirect participants. Access will be founded on proportionate risk-based participation requirements. An inclusive national payment system will promote broad access and usage of payment system services.

1.0.2 Affordable

Providers of payment system services will set pricing structures that are cost reflective, affordable and do not prohibit members of the public from accessing payment system services. While the pricing structure should provide a business case (return on investment) for the service provider, prices will be reasonable so as to encourage ordinary members of the public to use electronic payment methods.

1.0.3 Appropriate

Payment systems service providers will develop products and services that will be appropriate or add value to the users by addressing specific needs of segments such as the poor, farmers, women and the youth.

1.0.4 Efficiency

Payment systems will be responsive and timely in relation to both confirmation/validation of payment information and delivery of value to the customer. Payment systems will support customers' own business processes such as account reconciliation by providing payment details together with value where necessary.

1.0.5 Security

Payment Systems Providers (PSP) will ensure that their systems are secure to prevent unauthorized access to information or value and will prevent unauthorized modification of information. Payment systems will operate in a safe manner so as not to introduce systemic risk to the payment systems as a whole.

1.0.6 Interoperability

Individual payment systems within the national payment system will be capable of establishing links with other payment systems without undue restrictions. Service providers will agree business rules that will be fair on all key parties including the customer. Where such links are established, all risks that may arise from such arrangements will be adequately identified and managed.

1.1 Goals

The following are the goals of this strategy;

- 1.1.1 To promote safety and efficiency in the transfer of value in the economy;
- 1.1.2 To promote a cash-lite society;
- 1.1.3 To increase access and use of electronic payment methods;
- 1.1.4 To reduce transaction costs for all payment system services, and;
- 1.1.5 To increase the usage of formal remittance channels.

2.0 REGULATORY ENVIRONMENT

An enabling and clear regulatory environment is key to enhancing safety and efficiency; increasing financial inclusion; promoting electronic payment services; and consumer protection. The current regulatory environment needs to be reviewed to ensure that laws and regulations are harmonized and provide an enabling environment while at the same time enhancing efficiency and safety in the payment systems.

It has been observed that the lack of uniformity in regulations issued by the various regulators and their application thereof has caused challenges in accessing payment services on the market. It has also been noted that there is need to develop standards for some payments services streams such as the ATM, POS and mobile payments. The development of standards is expected to enhance safety and efficiency in the various payment systems.

The development of payment systems relies heavily on network services such as bulk SMS and USSD which are provided by telecommunication companies. Digital Financial Service providers rely on network services in their provision of digital financial services. ZICTA, as regulator of telecommunications sector is thus a key partner in the development of payment systems.

2.1 Strategic Objectives

2.1.1 Enhancement of Legal framework

Vision 2022 envisions that Regulators will ensure that the payment systems legal framework and other relevant laws are revised and amended to ensure that they comprehensively deal with new developments in payment systems, provide greater clarity and harmonization. Further, the National Payment Systems Act will be revised in line with the SADC Payment Systems Model Law to ensure harmonization with other laws in the SADC region and other developments in payment systems.

Critical success factors

- Amendments to National Payment System Act and other laws and regulations to take into account new developments and harmonization in-country and with regional legal frameworks;



- Include consumer protection clauses in the revised National Payment System Act;
- ZICTA to review and revise 'Access regulations' to enable open and fair access to network infrastructure by all players;
- Harmonization of Know Your Customer requirements across the various regulators; and
- Develop standards for the various National Financial Switch modules i.e., ATM and POS, Mobile Payments, etc.

3.0 CYBER SECURITY RESILIENCE FOR PAYMENT SYSTEMS

The safe and efficient operation of payment systems is essential to maintaining and promoting financial stability and economic growth. The advancement in technology has presented an opportunity for payment service providers to develop innovative products and services. However, these advances have also been accompanied by changes in the risk landscape with increased exposure to cyber risks.

Further, the inter-linkages and interdependencies in the financial system, have brought about further exposure should one payment system/participant not have adequate cyber security measures in place. The cyber security resilience of the overall national payment system is dependent not only on the resilience of a single payment system/participant but also on that of the interconnected payment systems.

It is therefore critical that cyber security resilience of the overall payment systems be enhanced. In this regard, we wish to call upon all banks and other stakeholders to work together to enhance the cyber security environment in Zambia.

Vision 2022 envisions that payment systems providers shall enhance their cyber security resilience to adapt to changes in the risk landscape and new technological developments. Further, given the extensive inter-linkages and interdependencies of payment systems, there is a need to put in place adequate cyber security measures throughout the National Payment System. It is critical that cyber security resilience of the overall payment systems be enhanced. The cyber security resilience of the overall National Payment System is dependent not only on the resilience of a single payment system but also on that of interconnected payment systems.

Critical success factors

- Creation of a national cyber security monitoring system;
- Develop a mechanism for reporting cybercrime to regulators. The mechanism should allow for information sharing amongst the service providers and regulators;



- Adoption of international standards on cyber security and resilience; and
- Regular inspections and testing of payment systems cyber resilience.

4.0 RETAIL PAYMENTS

The landscape for retail payment systems is changing with a growing demand for quicker/near real time, more cost effective and safer payment services. Although retail payment systems might not represent direct systemic risk, it is imperative for a well-functioning economy to have safe and efficient retail payment systems in place. Cash is still the dominant form of settling for retail transactions. The changing landscape is moving towards increased use of point of sale, mobile banking, mobile money and internet payment transactions.

Given the importance of retail payments and the critical role they play in increasing formal financial inclusion, Vision 2022 aims to promote electronic/digital payment methods for making the majority of payments in Zambia. In order to increase the uptake of electronic/digital payments, there is need to address the various challenges related to infrastructure, high pricing of products, limited access points and lack of appropriate products among others.

Therefore, Vision 2022 aims to ensure the development of the required support infrastructure that will allow for increased access and design of appropriate products and services. Further, regulators and payment service providers will work together to put in place an enabling environment and more affordable payment services and products. Vision 2022 anticipates that most retail payment systems will be interoperable under the National Financial Switch which will also provide a platform for further innovation and development of retail payment services and products.

4.1 Strategic objectives

4.1.1 Increase Access Points and Interoperability in Payment Systems

Vision 2022 envisages an increase in the number of payment service access points such as ATMs, POS, internet banking, mobile money agents and bank agents. Further, Vision 2022 envisages a fully functioning National Financial Switch (NFS) which will interoperate the various retail payment streams. The NFS is expected to increase access to formal financial services. Payment Service Providers should leverage on electronic/digital financial services and other innovative technologies, to increase access to financial services.

Critical success factors

- All retail payment systems to interoperate;
- Supporting regulatory environment;
- Provision of resources by key stakeholders for implementation;
- Increased investment in financial access points such as ATMs and POS devices;
- Engage ZICTA to review the Access regulations to facilitate for open and fair access to mobile networks;
- Reduction of merchant fees to promote uptake of POS machines by merchants;
- Strong liquid agency networks; and
- Affordable transactions prices and interchange fees.

4.1.2 Have a near real time retail payment system in Zambia

Vision 2022 envisages that retail payment system in Zambia shall operate near real time for both confirmation/validation of payment information and delivery of value to the customer.

Critical success factors

- Interoperability of all retail payment systems in Zambia;
- Amendment of the National Payment System Act to include consumer protection issues that promotes fair business practices and protects customers;
- Retail payment system providers should have publicly available dispute resolution mechanism;
- Enhanced oversight to monitor adherence to service charters, compliance to straight through processing requirements and other efficiency measures;
- Publicly disclosed fair and access to payment system infrastructure such as the National Financial Switch, Direct Debit and Credit Clearing system, etc; and
- Ensure consumers are adequately educated on payment system issues and understand their rights and obligations.

4.1.3 Develop appropriate products and services by Payment Service Providers to meet people's needs

Under Vision 2022, payment service providers will design and develop products and services that meet people's daily needs. For example, the FinScope survey of 2015 revealed that financial exclusion is skewed towards farmers, fishermen, traders and those who rely on piecework for their livelihood.

Given the prominence that has been placed on agriculture and SMEs by the Government, it is imperative that payment services providers develop products and

services that support these segments. Further, consideration will be given to women and the youth. Payment services providers are therefore expected to develop services and products that address the needs of the poor, women and the youth.

Critical success factors

- Deliberate efforts by payment services providers to churn out innovative products and services;
- Design of products and services that address the needs of segments such as farmers, SMEs, women and the youth;
- Enabling regulatory environment;
- Infrastructure/technological development; and
- Segregated data (sector specific) to inform developments in these segments.

4.1.4 Affordable Pricing of payment services

Payment services are deemed to be expensive in the country. Vision 2022 envisions that with advancements in payment system technologies, payment services providers will work towards reducing cost of transactions by leveraging technology and reviewing their pricing structures to be more cost reflective and affordable. The Bank of Zambia will publish the fees levied by various payment service providers to allow customers to make informed decisions between various payment services. Further, the Bank of Zambia will strengthen its Oversight function to ensure customers are treated fairly and made aware of fees before completion of transactions.

Critical success factor

- Commitment by regulators and payment service providers to reduce prices;
- Review of pricing structures by both the regulators and the service providers with a view of providing more affordable service while balancing the need for returns;
- Enabling regulatory environment; and
- Innovation/technology.

4.1.5 Enhancement of data collection

Vision 2022 envisions that data collection of payment system statistics shall be automated in order to provide more information to support the formulation of targeted evidence based policies, strategies and plans. The Bank of Zambia aims to automate its data collection processes through the use of its website for

submission of returns by the various payment system entities. The automation process will enhance the timely collection of payment system statistics, reduce errors and will allow for deeper data analysis that will enhance decision making.

Further, data will be segregated by segment such as gender, location etc. which will aid decision making and policy formulation. This is expected to have a greater impact on the policy formulation for the various retail payment systems in the country.

Critical success factors

- Development of appropriate data templates with the various service providers;
- Provision of data by service providers in the required format;
- Development of the data submission tools and database; and
- Expertise and resources for developing the database.

4.1.6 Development of a centralized electronic Know Your Customer (KYC) database

Stakeholders will work together to implement a centralized electronic KYC database. An electronic KYC database is a centralized repository of electronic KYC records of customers in the financial sector with uniform KYC requirements and norms which help the Financial Institutions to conduct KYC due diligence electronically. The system is expected to make it faster and easier for payment service providers to carry out the KYC procedures as well as make it more efficient for customers to access financial services. Access to basic financial services is necessary for economic growth of Zambia. It is therefore important that all segments of the Zambian population, especially the socially and financially excluded persons, are able to access financial services.

Critical success factors

- Supporting regulation;
- Harmonized KYC requirements;
- Stakeholder commitment; and
- Resources and expertise for setting up the system.

5.0 PROMOTION OF ELECTRONIC/ DIGITAL FINANCE SERVICES AND PRODUCTS

Vision 2022 envisions that all stakeholders will promote the use of electronic/digital financial services by undertaking activities such as sensitization campaigns, providing more affordable and appropriate services and products. The Bank of Zambia shall promote digital financial services as a priority to drive development of an inclusive National Payment System.

This is based on the recognition of the potential that electronic/digital financial services hold in the agenda for increasing Financial Inclusion. Digital financial services offer various benefits including availability of audit trail, build-up of credit history, ability to conduct remote payments, cheaper business model and increased innovation.

5.1 Strategic Objectives

5.1.1 Conduct sensitization and awareness campaigns

Sensitization of consumers of payment services is very critical in ensuring that they understand the underlying benefits of using electronic/digital payment methods. The Bank of Zambia in conjunction with other stakeholders will conduct nation-wide sensitization and awareness campaigns which will focus on turning people from high dependence on using cash towards adopting digital financial services such as the RTGS, DDACC, SIRESS, COMESA REPSS, mobile payments, POS, Internet Banking, etc.

The sensitization and awareness campaigns will pay particular focus on children and youths to allow the next generation to move away from dependence on cash to using digital financial services. The use of cash has been a long held custom in Zambia and initiatives to move away from cash to digital financial services will require concerted efforts from all stakeholders. By starting early to educate children and the youth on digital financial services, it is envisioned that this early initiation of a cultural change from dependency on cash to digital financial services will have a greater impact.

Since these payment services involve the use of electronic and digital devices, the Bank of Zambia and payment service providers will carry out demonstrations in the use of such services. The rationale is to introduce these services to the

general public who may feel intimidated by such electronic or digital services.

These campaigns shall be conducted in various languages and shall take various forms such as print media, television, radio, country wide tours etc. It is envisioned that an informed society will be in a better position to decide between various payment options.

Vision 2022 also envisions that the bank will conduct financial literacy programmes that educate members of the public regarding financial soundness. These programmes will be undertaken in-conjunction with various stakeholders.

Critical Success Factor

- Stakeholder commitment;
- Financial and human resources; and
- Enabling regulatory environment.

6.0 GOVERNMENT PAYMENTS

Government payments constitute a very key part of all payments made in Zambia due to the volumes and values of payments made by government. A significant proportion of government payments are made in cash. These include social cash transfers, payment of taxes and fees/fines, school fees and civil servant allowances. Government payments, because of their high volumes and values thus provide a good opportunity for reducing dependence on cash and adopting electronic payment methods. The use of electronic payment methods offer a number of benefits such as reduced fraud, availability of audit trail, safer, efficient, convenient and creates track record for future references.

Vision 2022 anticipates that the almost all government payments will be made using electronic payment methods. It is envisioned that most government payments will predominantly migrate to electronic/digital payments. This will make it easy for Government to collect revenue and make payments.

6.1 Strategic objectives

6.1.1 Achieve significant adoption of electronic payments

It is envisioned that by 2022, majority of government payments will be made through electronic payment channels.

Critical success factor

- Government's commitment to migration to electronic payment methods;
- Government to allow for the use of other non-traditional electronic payments such as electronic/mobile money to be used for Government payments; and
- Supporting policies and regulation.

7.0 REMITTANCE SERVICES

Remittances represent the most direct and immediate benefit to emigrants families and to the economy. Remittance flows to developing countries are now estimated to be significantly above foreign aid. In some countries, they noticeably exceed foreign direct investment. Increased attention therefore needs to be paid to remittance flows in recognition of their importance as a financial source for boosting economic development.

In Zambia, the remittances market has continued to record growth in both values and volume of transactions. The growth is mostly notable in the local money transmission services which has witnessed a number of new entrants and new products and services.

Despite this growth, a World Bank report on a review of the market for international remittance services on the basis of the World Bank-CPMI General Principles for International Remittance Services (appendix II) reported that anecdotal evidence suggests that unregulated channels– such as cash carried across the border by friends and family, bus/truck/taxi– are commonly used for cross-border remittances. Further, the recent rapid growth of new domestic remittance services indicates that there may be unmet demand for low-cost remittance services in Zambia.

The introduction of new entrants/ products on the local money transmission market has resulted in a downward trend in the fees/charges for local money transmission services. However, the cost of sending remittances to Zambia, as measured by the World Bank Remittance Prices Worldwide (RPW) database, is still considerably higher than the global and regional average. Other key concerns facing the remittances market include poor liquidity, exclusivity of agents and lack of agents / branches in rural areas.

Vision 2022 anticipates that remittance flows shall be conducted through regulated channels that are safer and more efficient. Further, Vision 2022 envisions remittance services shall be cheaper and more secure by adopting electronic channels.

7.1 Strategic objectives

7.1.1 Issuance of money transfer guidelines and standards

It is envisioned that the Bank of Zambia will issue money transfer guidelines and standards that will provide specific guidance for the conduct of money transfer services.

Critical success factors

- Participation and commitments by regulators and service providers; and
- Harmonization of laws and regulations.

7.1.2 Reduction in the cost of sending remittances

It is envisioned that by 2022, the cost of sending money both locally and internationally should be lower than 5% of the amount being sent.

Critical success factor

- Adoption of digital financial services;
- Transparent prices and service features;
- Increased frequency of inspections of money transfer businesses and agents; and
- Education and consumer awareness programmes.

8.0 IMPLEMENTATION MATRIX

FOR VISION 2022

Reference	Strategic Objective	By Date	Responsible entities
Regulatory Environment			
2.1.1	Revised National Payment Systems Act (Including Consumer Protection clauses in the Act)	2018-2020	Bank of Zambia/commercial banks/payment systems businesses/ GRZ/ other stakeholders
2.1.1	Issuing of sub regulations	2020-2022	Bank of Zambia/commercial banks/payment systems businesses
2.1.1	Develop standards for the various National Financial Switch modules i.e., ATM and POS, etc	2018-2019	Bank of Zambia/Commercial Banks/ Payment System Businesses
2.1.1	Harmonization of Know Your Customer requirements	2019	Financial Intelligence Center (FIC) BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA/other regulators
2.1.1	ZICTA to review and revise 'Access regulations'	2019	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA/other regulators
Cyber Security Resilience for Payment Systems			
3.0	Creation of a national cyber security monitoring system	2018-2022	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA/other regulators
3.0	Develop a mechanism for reporting cybercrime to regulators	2018-2022	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA/other regulators
3.0	Adoption of international standards on cyber security and resilience	2019-2022	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA/other regulators
3.0	Regular inspections and testing of payment systems cyber resilience	2022	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA/other regulators
Retail Payments			
4.1.1	Increase Access Points and Interoperability in Payment Systems	2018-2022	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA
4.1.2	Have a near real time retail payment system in Zambia	2018-2022	BOZ/ Commercial Banks/ Payment System Businesses/ ZICTA
4.1.3	Develop appropriate products and services by Payment Service Providers to meet people's needs	2018-2022	BOZ/ Commercial Banks/ Payment System Businesses
4.1.4	Affordable Pricing of payment services	2018-2019	BOZ/ Commercial Banks/ Payment System Businesses
4.1.5	Enhancement of data collection	2019-2022	BOZ/ Commercial Banks/ Payment System Businesses/other Regulators
4.1.6	Development of a centralized electronic KYC database	2020-2022	BOZ/ Commercial Banks/ Payment System Businesses/ other Regulators
Promotion of Electronic/Digital Financial Services and Products			
5.1.1	Conduct sensitization and awareness campaigns	2018-2022	BOZ/ Commercial Banks/ Payment System Businesses

IMPLEMENTATION MATRIX FOR VISION 2022 (Cont')

Reference	Strategic Objective	By Date	Responsible entities
Government Payments			
6.1.1	Achieve significant adoption of electronic payments	2018-2022	Commercial banks/Bank of Zambia/ payment systems businesses/ZICTA/Government
Remittance Services			
7.1.1	Issuance of money transfer guidelines and standards	2019-2020	Commercial banks/Bank of Zambia/ payment systems businesses/other Regulators
7.1.2	Reduction in the cost of sending remittances	2018-2022	Commercial banks/Bank of Zambia/ payment systems businesses/other Regulators

APPENDIX 1: BIS PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURE

General organisation

Principle 1: Legal basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

Credit and liquidity risk management

Principle 4: Credit risk

An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.

Principle 5: Collateral

An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.

Principle 6: Margin

A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.

Principle 7: Liquidity risk

An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.

Settlement***Principle 8: Settlement finality***

An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

Principle 9: Money settlements

An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.

Principle 10: Physical deliveries

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

Central securities depositories and exchange-of-value settlement systems

Principle 11: Central securities depositories

A CSD should have appropriate rules and procedures to help ensure the integrity of securities issues and minimise and manage the risks associated with the safekeeping and transfer of securities. A CSD should maintain securities in an immobilised or dematerialised form for their transfer by book entry.

Principle 12: Exchange-of-value settlement systems

If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

Default management

Principle 13: Participant-default rules and procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

Principle 14: Segregation and portability

A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.

General business and operational risk management

Principle 15: General business risk

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

Principle 16: Custody and investment risks

An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

Principle 17: Operational risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.

Access***Principle 18: Access and participation requirements***

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

Principle 19: Tiered participation arrangements

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

Principle 20: FMI links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

Efficiency***Principle 21: Efficiency and effectiveness***

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

Principle 22: Communication procedures and standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

Transparency***Principle 23: Disclosure of rules, key procedures, and market data***

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

Principle 24: Disclosure of market data by trade repositories

A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.

Responsibilities of central banks, market regulators, and other relevant authorities for financial market infrastructures***Responsibility A: Regulation, supervision, and oversight of FMIs***

FMIs should be subject to appropriate and effective regulation, supervision, and oversight by a central bank, market regulator, or other relevant authority.

Responsibility B: Regulatory, supervisory, and oversight powers and resources

Central banks, market regulators, and other relevant authorities should have the powers and resources to carry out effectively their responsibilities in regulating, supervising, and overseeing FMIs.

Responsibility C: Disclosure of policies with respect to FMIs

Central banks, market regulators, and other relevant authorities should clearly define and disclose their regulatory, supervisory, and oversight policies with respect to FMIs.

Responsibility D: Application of the principles for FMIs

Central banks, market regulators, and other relevant authorities should adopt the CPSS-IOSCO Principles for financial market infrastructures and apply them consistently.

Responsibility E: Cooperation with other authorities

Central banks, market regulators, and other relevant authorities should cooperate with each other, both domestically and internationally, as appropriate, in promoting the safety and efficiency of FMIs.

APPENDIX II: THE GENERAL PRINCIPLES FOR REMITTANCES – ISSUED BY WORLD BANK AND BANK FOR INTERNATIONAL SETTLEMENTS

The General Principles are aimed at the public policy objectives of achieving safe and efficient international remittance services. To this end, the markets for the services should be contestable, transparent, accessible and sound.

General Principle 1 - Transparency and consumer protection

The market for remittance services should be transparent and have adequate consumer protection.

General Principle 2 - Payment system infrastructure

Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.

General Principle 3 - Legal and regulatory environment

Remittance services should be supported by a sound, predictable, nondiscriminatory and proportionate legal and regulatory framework in relevant jurisdictions.

General Principle 4 - Market structure and competition

Competitive market conditions, including appropriate access to domestic payment infrastructures, should be fostered in the remittance industry.

General Principle 5 - Governance and risk management

Remittance services should be supported by appropriate governance and risk management practices.

Roles of remittance service providers and public authorities

- A. Role of remittance service providers. Remittance service providers should participate actively in the implementation of the General Principles.

- B. Role of public authorities. Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.

Definitions

CPSS-IOSCO principles for financial market infrastructure: Standards for payment, clearing and settlement systems issued by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organisation for Securities Commission.

Interchange fees: a term used in the payment card industry to describe a fee paid between banks for the acceptance of a card based transactions.

Online clearing: clearing of payment transactions made on web merchants' sites.

Payment Stream: a group of payment instruments with similar risks and rules.

Payment System(s): refers to payment systems, payment system businesses and payment system participants as defined by the National Payment Systems Act 2007.

Uptime: a measure of the time a machine or system has been working without any downtime.

Confirmation: is the act of establishing, ratifying, or sanctioning of a settlement or payment



Bank of Zambia

NO NEED TO USE CASH!!!

Be Smart And Use Electronic Payment Channels

Convenient

Large Value Payments

Fast & Efficient



Pay Utility Bills - DSTV, Gotv, Water, Electricity, e.t.c...

Affordable

**RTGS
EFT
MOBILE MONEY
MOBILE BANKING
ONLINE BANKING
POS**

Retails Payments

Safe



Shopping and Accomodation



Guranteed Settlement



School Fees, Salaries & Wages

Freedom



Talk Time