

ZAMBANKER

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Bank of Zambia

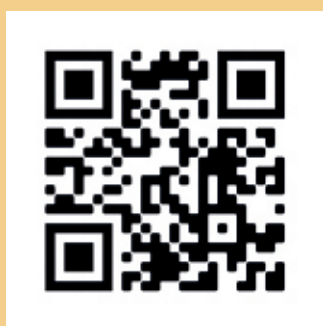
A BANK OF ZAMBIA JOURNAL



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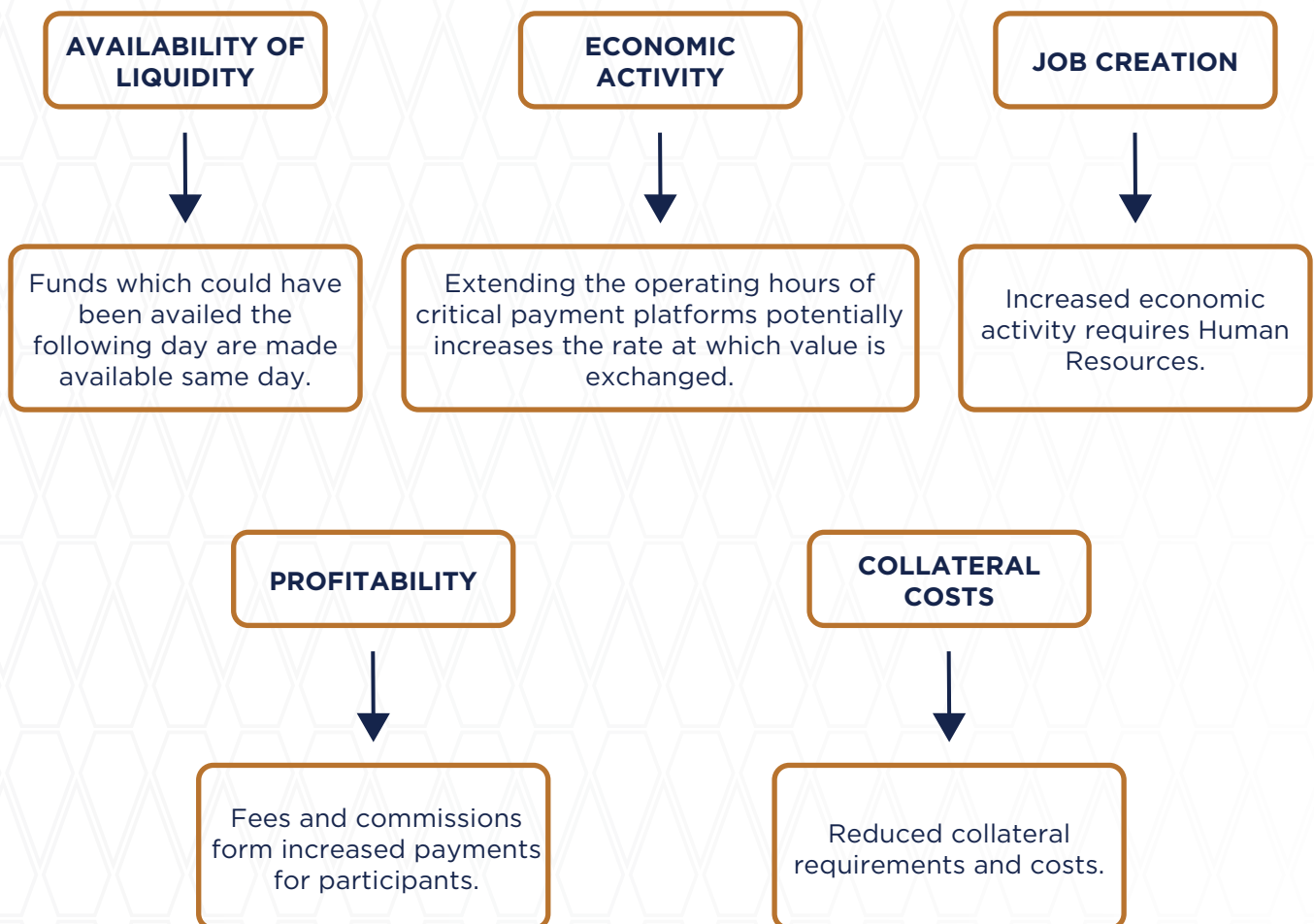
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EXTENDED OPERATING HOURS FOR THE RTGS AND BENEFITS

The number of hours of operation for the **RTGS** were extended to support the 24/7 Economy. The revised hours are 07:00 to 19:30 during weekdays and 08:00 to 14:30 on Saturdays effective Q1, 2025.



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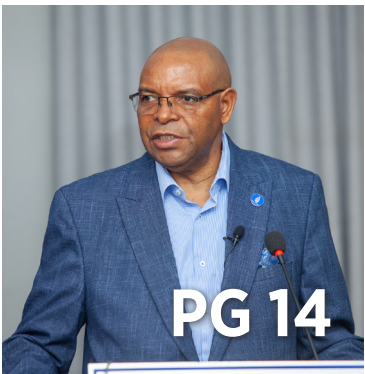


HERITAGE SERIES SEES SWIFT, SMOOTH ADOPTION

Zambia's new currency – the Heritage Series – has rapidly become a cornerstone of the nation's economy since its launch on March 31, 2025. The transition has been well managed, prioritising public confidence and ensuring seamless continuity in commerce. By the end of June 2025, over K11.9 billion worth of Heritage notes had been successfully introduced into circulation.

DROP IN INTEREST RATES TO EASE ACCESS TO CREDIT

Bank of Zambia Governor Dr. Denny Kalyalya says the recent decline in interest rates signals positive momentum in Zambia's pursuit of sustainable economic growth, despite persistent challenges. Speaking at the 2025 Mid-Year Economic Performance Town Hall hosted by the Ministry of Finance and National Planning, Dr. Kalyalya noted that interest rates have dropped from 30% to approximately 20% in recent years.

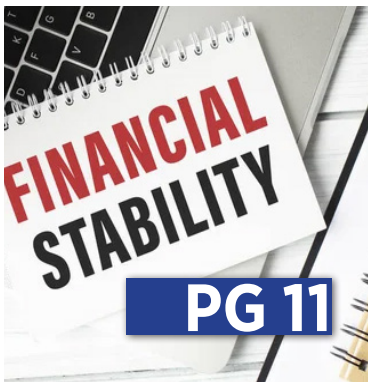


DG HAILS NATIONAL FINANCIAL SWITCH FOR BOOSTING FINANCIAL INCLUSION

Deputy Governor-Administration, Mrs. Rekha Chifuwe Mhango has applauded the National Financial Switch (NFS) for its role in expanding the financial services ecosystem and driving financial inclusion across the country. Speaking at the launch of the Airtel Spam Protector, Mrs Mhango said the NFS has made financial services accessible to previously underserved populations.

FINANCIAL STABILITY RISKS DECLINE, BUT VULNERABILITIES REMAIN

The Financial Stability Committee (FSC), at its Meeting held in April 2025, assessed risks to financial stability to have reduced since the release of the October 2024 Financial Stability Report. Moderation in the financial markets stress and improvements in the macroeconomic environment were the two main drivers.



AGENTS TRAINED TO ENHANCE MOBILE MONEY SECURITY

The Bank of Zambia (BoZ) is training mobile money agents to raise awareness of the security features as well as mitigate risks, like counterfeiting, associated with mobile payments. Speaking during the second Zamtel Agent Training Programme in Kitwe, Assistant Manager-Currency Front Office Ms. Chipso Kasempa said the training of agents by the Bank is an ongoing process, not a one-time event.

INTER-SCHOOL QUIZ: A COMMITMENT TO PROMOTING FINANCIAL INCLUSION AND FINANCIAL LITERACY

To commemorate the Bank's 60th Anniversary, the Bank of Zambia, in collaboration with the Ministry of Education, hosted an Inter-School Quiz dubbed *BoZat60 Inter-School Quiz*. The first phase of the quiz took place on June 27, 2025, with 60 schools from all 10 provinces competing simultaneously.



NEWS FROM AROUND THE WORLD - CENTRAL BANKS TOLD TO PREPARE FOR CLIMATE SHOCK TO LABOUR MARKET

Central banks risk being blindsided by climate-driven shocks to global labour markets unless they overhaul their approach to monetary policy, a report published by the London School of Economics warned.

STRATEGIC PLAN MARKS MID-POINT PROGRESS

Bank of Zambia's 2024–2027 Strategic Plan, launched publicly on 25 April 2024 under the theme "Promoting Inclusive and Sustainable Development in a Digitalised World", has reached its mid-point. The Plan underscores the transformative role of digital financial services in fostering inclusive and sustainable economic growth.

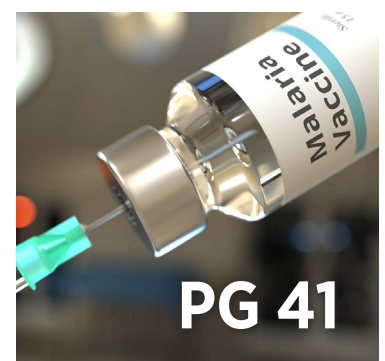


THE LOOMING LOAN CRISIS

Access to credit is important for both individuals and companies as it helps them in achieving goals which would otherwise be unachievable without sourcing extra money. The loan market has recently recorded growth with an increasing number of lenders who include traditional banks, village banks, microfinance institutions, shylocks and individual lenders.

ZAMBIA RECEIVES NEW MALARIA VACCINE

Mosquitoes are the deadliest animals on earth, responsible for more human deaths than any other creature. In Zambia, they transmit malaria and, to a lesser extent, lymphatic filariasis (LF).



HERITAGE SERIES SEES SWIFT, SMOOTH ADOPTION

By Abigail Sikwenda

Zambia's new currency – the Heritage Series – has rapidly become a cornerstone of the nation's economy since its launch on March 31, 2025. The transition has been well managed, prioritising public confidence and ensuring seamless continuity in commerce. By the end of June 2025, over K11.9 billion worth of Heritage notes had been successfully introduced into circulation. This impressive uptake has been driven largely by the higher-value denominations, which have facilitated liquidity for large payments and institutional transactions. At the same time, smaller denominations such as the K20, K10, and K5 have become integral to everyday life, circulating widely from market stalls to commuter buses. This well-balance between large-value and frequently used smaller denominations, has reinforced confidence, convenience, and accessibility across the economy, marking a significant milestone in the country's currency evolution.

Meanwhile, the withdrawal of the old series has progressed in a measured and deliberate manner. By June, over K4.1 billion worth of old notes had already been removed from circulation. During the transition period, from March 31, 2025, to March 31, 2026, both the old and new notes will circulate side by side, allowing

the public to adjust gradually without disruption. This carefully managed pace ensures continued access to cash while encouraging a smooth shift to the Heritage Series. The approach not only supports efficiency but also acknowledges the habits and needs of everyday Zambians, allowing the old to phase out naturally as the new becomes second nature, a process the Bank of Zambia (BoZ) describes as "well-managed and anchored in trust."

The success of this rollout has been underpinned by strong, coordinated partnerships across the financial sector. Commercial banks, together with NATSAVE have been instrumental in issuing the new notes to the public by adapting key infrastructure, such as ATMs, deposit recyclers, and cash counters, to recognise and process the Heritage Series. Their active involvement has guaranteed that access to the new currency is not only smooth but also far-reaching extending even to the most remote communities.

A commitment to inclusivity has also been a defining feature of these collaborations. Accessibility features for the visually impaired were thoughtfully integrated into the banknotes, with design input and feedback from associations for the blind actively incorporated. This intentional focus on inclusion has



Ms. Chileshe

strengthened public trust and helped ensure that the transition to the new series is both equitable and responsive to the needs of all members of society.

Director Currency and Banking, Mrs Angela Chileshe stated that the successful launch of the new currency was the result of meticulous collaboration between the Bank of Zambia and the broader financial sector. Commercial banks, NATSAVE, and other financial institutions worked closely with the central bank to ensure that the new notes reached every corner of the country.

She highlighted that a critical component of the rollout involved the recalibration of all banknote-handling infrastructure, including ATMs, deposit recyclers, and cash counters, to seamlessly recognise and dispense the new Heritage notes. In addition, cash-in-transit providers aligned their logistics and security protocols with the transition, while bank tellers received comprehensive training in both customer communication and physical note authentication.

"To ensure the new notes are accessible to everyone, a comprehensive nationwide public sensitisation campaign was launched," said Mrs. Chileshe. "Materials were translated into Zambia's seven major local languages, and roadshows were conducted in high-traffic areas such as

Four Ways to Check The New Security Features

TILT

Tilt the banknote in any direction and some security features will appear to move.

LOOK

When viewed through a light source, hidden security features will appear to view.

FEEL

Feel the raised (intaglio) ink patterns on the banknote and discover new features.

CHECK

Check specific security features to authenticate the banknotes.

Four Ways to Check The New Security Features			
TILT	LOOK	FEEL	CHECK
			
Security thread Colour-shifting element Latent image	Watermark See-through register	Visually impaired tactile marks Big numeral	Serial numbers Small patterns

markets and bus stations. Workshops were also held at universities, while partnerships with groups like the Zambia National Marketeers Association (ZANAMACA) specifically targeted high-frequency cash users.”

Mrs. Chileshe emphasised that inclusivity was a core focus throughout the campaign. Associations for the blind and visually impaired were actively involved in the design of tactile features and high-contrast materials to support ease of use. The outreach campaign delivered three key lessons.

First, the simple and easy-to-remember “Feel, Tilt, Look, and Check” routine empowered the public to verify notes quickly and confidently. Second, respected community figures and local traders led by example, demonstrating proper note verification techniques and reinforcing public trust. Third, clear and localised messaging helped demystify the new notes and ease public anxiety around their use.

She noted that initial public concerns have largely subsided, giving way to growing familiarity and routine use of the new notes. “Cashiers and bus conductors are now handling mixed-denomination transactions with much greater ease,” she added. Mrs Chileshe further explained that the withdrawal of the old series is being managed in a deliberate and balanced way, with a dual circulation period in place to last until March 31, 2026.

“The public is encouraged to exchange their old notes at commercial banks,

NATSAVE branches, or designated Bank of Zambia offices before the deadline. This carefully staged process, anchored in trust, inclusion, and clear communication, is ensuring that the currency transition is not only efficient, but also deeply human, reflecting the needs and habits of everyday life.”

The Heritage Series notes feature security features designed for real-world use. These include raised ink for tactile verification, a see-through register, an embedded security thread, color-shifting elements, micro-text, and complex linework, all designed to prevent counterfeiting.

Public education on these features remains a priority. Ongoing awareness efforts aim to make security checks routine habit among the public. The central bank is also working closely with law enforcement to ensure that any suspicious notes are swiftly reported, traced, and removed from circulation.

The Bank has also launched a mobile app called *Zambian Banknotes*, developed to provide comprehensive information on the concept behind the new series and the first-level security features of the Heritage Series banknotes. Available as a free download on both iOS and Android platforms, the app serves as an accessible educational tool for the public. Users are encouraged to register and actively engage with its interactive features, which are designed to promote greater awareness and understanding of the new banknotes.

Voices from the people

“At first, I thought the new notes would confuse my customers. Now they know how to check.” — Ruth, Chilenje Market marketeer, Lusaka

“Even on rainy days, the notes hold up. We spend less time replacing damaged notes.” — Daniel, bus driver, Ndola

“We used the Banknote App in class. It makes the features easy to remember.” — Miriam, CBU student, Kitwe

Way Forward

Zambia’s currency is steadily entering a new chapter, marked by increasing focus on Central Bank Digital Currency (CBDC) and the broader transition to electronic payments. While Retail CBDCs, intended for everyday use by the public, remain in the exploratory phase, wholesale CBDCs, designed for interbank transactions, are making more tangible progress. These developments are laying the foundation for greater efficiency and resilience in the financial sector.

This measured and phased approach reflects Zambia’s commitment to ensuring that the shift toward digital money is supported by robust infrastructure, secure systems, and public trust. Although digital payments have not yet become the universal norm, momentum is building as the country works to create a financial ecosystem where cash and electronic money coexist seamlessly.

The vision is clear: to build a modern, inclusive, and trusted currency system, one that embraces the future of money while remaining accessible and relevant to every Zambian. To become the universal norm, momentum is building as the country works to create a financial ecosystem where cash and electronic money coexist seamlessly.

K3BN WORTH OF RESILIENCE FACILITY APPLICATIONS APPROVED

By Barron Ngulukila

The Bank of Zambia has received a total of 17 applications amounting to K5.2 billion following the launch of the Stability and Resilience Facility (SRF) on 30 December 2024. K4.1 billion was from nine (9) commercial banks, K1.0 billion from three (3) deposit-taking financial institutions (DTFIs) and K0.1 billion from two (2) non-deposit-taking financial institutions (NDTFIs) as of 25 July, 2025.

Of the K5.2 billion applications, K2.97 billion (circa K3 billion) has been approved by the Stability and Resilience Facility Committee with K1.92 billion applications under review and K287.75 million applications were not aligned.

Of the K3.0 billion approved applications, K2.01 billion has since been disbursed with the remaining balance of circa K987.9 million to be disbursed as soon as collateral perfection formalities are concluded.

In terms of sectors that have been funded so far, 83.3 percent (K2.5 billion) of the approved K3.0 billion has been channeled to Agriculture, Forestry, and Fishing Sector with the remaining 16.7% to other sectors including Manufacturing Sector (4.2 percent); Water Supply, Sewerage, Waste Management and Remediation Sector (3.0 percent) and 9.5% to the rest.

With respect to projects being supported under the Facility, emphasis has been on ensuring that the use of funds was aligned to the intentions of the SRF which is targeted at viable businesses in the agriculture sector that are providing workable solutions in addressing the food security concerns and those contributing to alternative energy solutions in view of the extended loadshedding ignited by the 2023/24 drought.

In this regard, it should be noted that the funding in the agriculture space cuts across the agric value chain including various project proposals and activities providing innovative solutions in renewable energy, waste management, water reticulation, climate smart agriculture techniques and the rest of the agro-business and forestry value chains.

With respect to Forestry, the activities being undertaken and funded were to deal with deforestation through expansion of the forest plantations coupled with the wood waste reduction initiatives, which are envisaged to contribute to a more sustainable environmental ecosystem.

The eligible FSPs have had to demonstrate that the benefits obtained under the Facility such as moratorium; longer tenors of up-to 7 years and lower/stable lending interest rates, are passed onto the ultimate beneficiaries.

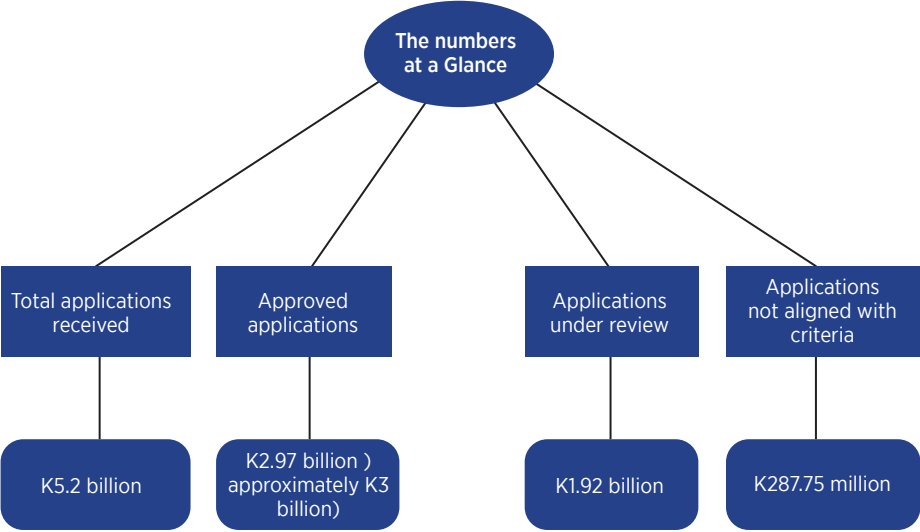
In this regard, it was noted that the loans to ultimate borrowers for the approved applications were extended at reduced lending rates. Prior to accessing the SRF, the average interest rate stood at 26.01 percent, while

for the loans granted under the SRF, the interest rate declined on average to 19.37%, resulting in an average benefit of 6.65 percentage points for borrowers.

Another important benefit to ultimate borrowers is the provision under the SRF terms and conditions for stable interest rates in that no adjustment is made to the interest rate whenever there is an upward adjustment to the MPR, while when there is a downward adjustment to the MPR a downward adjustment to interest rate is required. This coupled with a margin for onward lending above the cost of funds being capped at 10.0 percentage points provide further concessions under this facility.

In addition, conventional non-green loans are required to be priced at (MPR) less 100 basis points and 300 basis points for advances aimed at supporting environmental sustainability.

Going forward, the thrust is on completing the review process for the applications which are pending additional information from the applicants and also disbursing the remaining balance once all collateral perfection formalities are concluded.



DG HAILS NATIONAL FINANCIAL SWITCH FOR BOOSTING FINANCIAL INCLUSION

By Zambanker Reporter



Deputy Governor-Administration, Mrs. Rekha Chifwe Mhango has applauded the National Financial Switch (NFS) for its role in expanding the financial services ecosystem and driving financial inclusion across the country. Speaking at the launch of the Airtel Spam Protector, Mrs Mhango said the NFS has made financial services accessible to previously underserved populations.

She explained that remarkable growth of Digital Financial Services (DFS) in Zambia had been recorded since the NFS was implemented in 2019. The NFS, operated by the Zambia Electronic Clearing House Limited (ZECHL), is a shared payment processing infrastructure that ensures seamless, secure, and efficient transactions between banks, non-bank financial institutions, e-money issuers, and aggregators.

“With 34 participants, the NFS has been a game-changer, reducing transaction costs by approximately 30%. This has made financial services more affordable for low-income households and contributed to a significant increase in digital transaction volumes,” she explained.

She stated that the total value of mobile money payments surged from K3.6 billion in 2016 to a staggering K486.3 billion in 2024, with transaction volumes dramatically increasing from 105.9 million to 2.99 billion during the same period.

“Point of Sale (PoS) transaction values also rose sharply, from K4.9 billion in 2016 to K185.1 billion in 2024, reflecting growing consumer confidence in digital payments. Perhaps the most compelling indicator of progress is the number of active mobile wallet holders, which grew by over 2,700% from 521,098 in 2016 to 12.3 million in 2024. This growth has helped boost overall financial inclusion in Zambia from 59.3% in 2015 to 69.4% in 2020, as documented by FinScope surveys,” she said.

Another key performance indicator is the number of active mobile wallet holders which surged to 12,328,755 in 2024, up from 521,098 in 2016, representing a growth of over 2,700%. This position is evidenced by an increase in Financial Inclusion from 59.3% in 2015 to 69.4% in 2020 as noted in the FinScope surveys

undertaken every five years. This growth was largely attributed to the increased uptake of mobile money services which rose to 58.5% in 2020 from 14.0% in 2015,” she said.

She said these figures underscore Zambia’s accelerating shift toward a cashless economy, driven by infrastructure upgrades, regulatory reforms and the Go Cashless campaigns as targeted financial literacy campaigns.

The Bank of Zambia, has over the years been involved in initiatives aimed at promoting DFS in Zambia. One of the Bank’s Strategic Plan Initiatives for 2024-2027, is financial inclusion. The Bank pursues this objective through promoting innovative financial services, whose benefits cascade to the underserved and underbanked through increased access and usage of DFS. In this regard, concerted efforts have been made to create an enabling regulatory environment for the payment systems landscape and the financial system as a whole.

“Given the central bank’s emphasis on digital payments and a cashless economy, NFS is a critical infrastructure that supports and facilitates digital transactions. It contributes to the broader national agenda of moving towards a cash lite and digital economy,” she explained.

The NFS is operational 24 hours per day, 7 days a week. The switch clears all retail payment transactions and calculates net settlement positions for participants which are transmitted for settlement in central bank money at the BoZ, which is the settlement agent. There are eight settlement files sent to the ZIPSS for retail payments comprising one for each of NFS,

E-money, CIC and five EFT files,” she explained.

Key Features of NFS

- **Instant Transactions:** NFS enables instant money transfers, ensuring your money is available when you need it.
- **Secure and Easy to Use:** NFS is

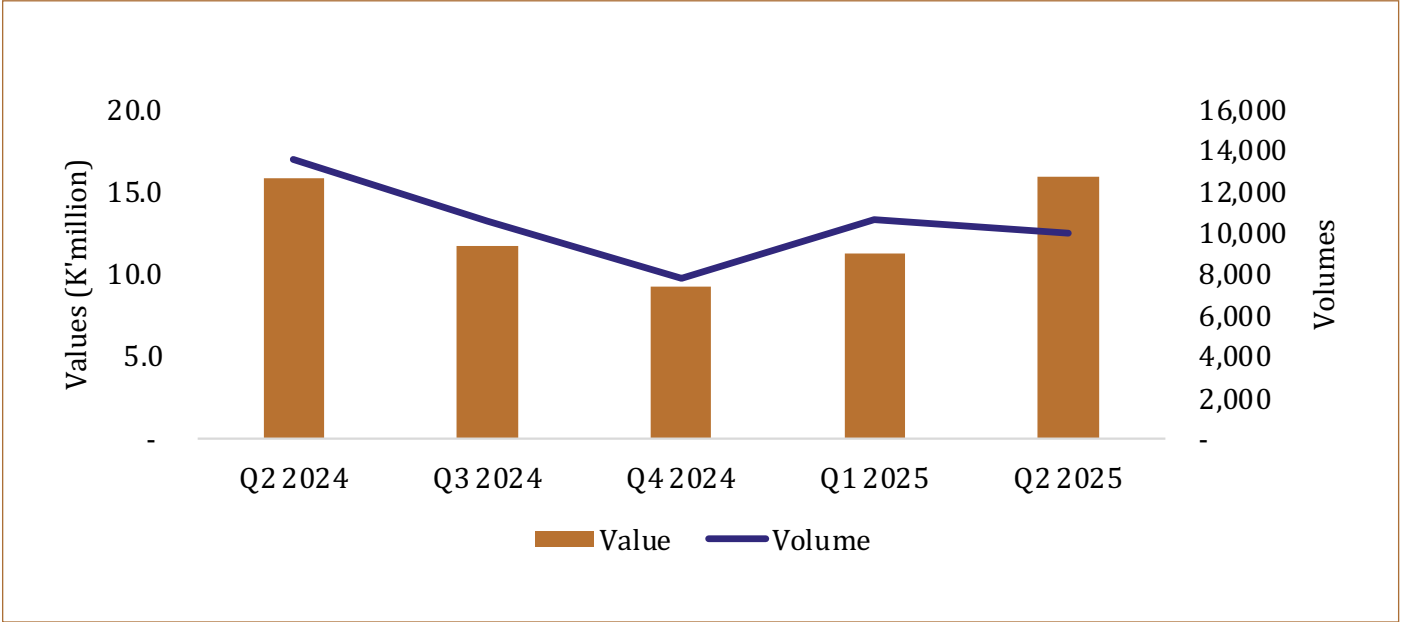
built on a foundation of maximum security and compliance. Your transactions are safeguarded every step of the way.

- **Wide Network:** Presently, NFS seamlessly integrates with the leading financial services providers, including commercial banks, mobile money operators

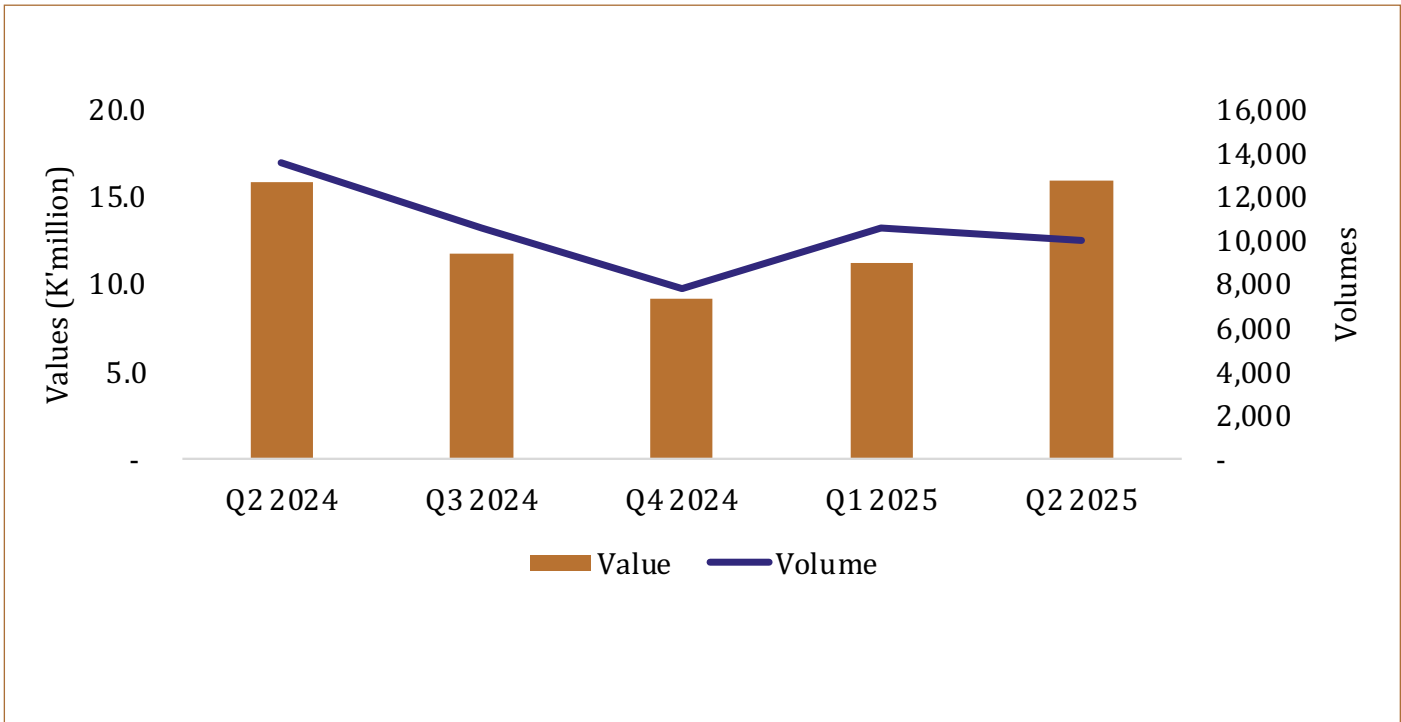
and fintechs among others

- **Certainty of Recipient Details:** Opportunity to check and confirm recipient details before completion of transactions for mobile money transactions.
- **Affordability:** Access to financial services at a low cost.

Electronic Funds Transfer Debits



Point of Sale Transactions



FINANCIAL STABILITY RISKS DECLINE, BUT VULNERABILITIES REMAIN

By Zambanker Reporter



The Financial Stability Committee (FSC), at its Meeting held in April 2025, assessed risks to financial stability to have reduced since the release of the October 2024 Financial Stability Report. Moderation in the financial markets stress and improvements in the macroeconomic environment were the two main drivers.

However, the Committee still has concerns about the lingering vulnerabilities that could compromise financial stability. These include: the continued deficit in electricity supply; low financial intermediation; elevated share in total loans of foreign currency-denominated loans; and maturity mismatches. The FSC is also monitoring developments relating to the escalation in the global trade war, which has generated extreme uncertainty that could potentially

have adverse effects on financial stability.

Financial markets risk is assessed to have eased as asset valuations rose and volatility across the markets reduced. Yields on Government securities fell as liquidity conditions improved and with a pick-up in economic activity, equity prices rose. The improvement in liquidity conditions was also reflected in reduced volatility in the money market. Similarly, volatility in the exchange rate subsided due to smoothening operations by the central bank amidst some eased demand.

Macroeconomic risks moderated as economic activity turned out to be stronger than expected and the sovereign risk declined. In addition, the risk associated with private sector

credit growth reduced, with the credit-to-GDP gap contracting further and remaining below the Basel III recommended threshold of 2.0 percentage points. However, financial stability could be compromised if private sector credit growth, and the associated financial intermediation, remain low. Furthermore, the resilience of the financial system could be undermined by the escalating global trade war.

The banking sector has continued to be adequately capitalised and resilient to shocks. However, the Committee is concerned about two key imbalances on the banks' balance sheets. Firstly, the quality of the credit portfolio has been reduced by the increase in the proportion of foreign currency-denominated loans. Secondly, vulnerability to interest rate risk has risen slightly in the wake of widening maturity mismatches.

The Committee has further noted imbalances in the non-bank financial institutions sector. While insurance corporations' revenue grew amid a recovery in economic activity, low profitability lingers. Pension funds have continued contending with an elevated share of contribution arrears on their balance sheets, which raises liquidity risk. In view of the capital position for the banks remaining well above the regulatory requirement, underpinning their resilience to unexpected losses, and the credit-to-GDP gap being below the Basel III recommended threshold, implying that there is still scope for further growth in private credit, the Committee decided to maintain the countercyclical capital buffer (CCyB) at 0.0 percent.

BOZ TO HARNESS AI TO ENHANCE OPERATIONAL RESILIENCE

By Zambanker Reporter

Bank of Zambia Governor, Dr Denny Kalyalya says the emergence of Artificial Intelligence (AI) presents the Bank with a transformative force that holds immense potential in bolstering the Central Bank's resilience. Addressing staff during the launch of the Business Continuity and Resilience Awareness Week (BCAW+R), Dr Kalyalya said the Bank will explore how it could harness the power of AI to enhance operational resilience, to not only survive disruptions but to thrive in the face of these headwinds.

The Governor stated that AI could enhance the central Bank's work through algorithms, which can analyse vast datasets to identify potential vulnerabilities and predict emerging risks before they escalate into full-blown crises. This proactive approach allows institutions to take pre-emptive measures that strengthen their defences and help minimise potential impact.

He added that AI-powered systems could automate critical processes and ensure continuity of essential services during disruptions.

"Leveraging AI for routine task automation will allow staff to dedicate their attention to more critical functions. With cyber threats becoming increasingly sophisticated, AI can provide advanced threat detection and response capabilities, protecting our systems and data from malicious attacks," he said.

Dr Kalyalya explained that AI can also provide decision-makers with valuable insights, enabling them to make informed choices and navigate challenging situations effectively by processing and analysing complex information in real-time.

"AI-driven tools can help us

disseminate vital information quickly and efficiently during a disruption, ensuring that everyone is informed and coordinated. AI can help us to model and simulate various disruptive scenarios, allowing us to develop more robust business continuity plans and improve our preparedness," he said.

However, the Governor cautioned against failure to acknowledge that the integration of AI is not without its challenges. He emphasised the need for ongoing staff training and development to enable staff effectively utilise these new tools to address issues such as data security, data privacy and ethical considerations.

He noted that the mandate of the BoZ is crucial to the stability of the country's economy and that as guardians of monetary policy, regulators of financial institutions, and facilitators of a stable payment system, any disruption to the operations of the Bank can have far-reaching consequences.

"In an increasingly interconnected and dynamic world, the ability of our institution to withstand and recover from disruptions is extremely

important. From global pandemics and cyber threats to economic volatility and natural disasters, the landscape of potential challenges is complex and ever evolving. In the context of this complex web of threats and continued evolution of the business environment landscape, business continuity and resilience cannot be mere abstract concepts; they are integral to the very sustainability and stability of our financial system and the broader economy," he said.

He reaffirmed the Bank's collective commitment to enabling the continuity of operations, adaptability to change, and dedication to serving the best interests of the nation. He stated that by embracing innovation, working together, and empowering employees with the knowledge of tools like AI, the Bank could strengthen its resilience and ensure that it is ready for whatever the future may hold.

The 2025 Business Continuity Awareness Week campaign was held from Monday, 19 May to Friday, 23 May 2025 under the theme "Empowering Resilience with AI" and covered different areas of business continuity and resilience in relation to the disruptive events being experienced across the globe.



Dr. Kalyalya

DROP IN INTEREST RATES TO EASE ACCESS TO CREDIT

By Daniel Tonga

Bank of Zambia Governor Dr. Denny Kalyalya says the recent decline in interest rates signals positive momentum in Zambia's pursuit of sustainable economic growth, despite persistent challenges. Speaking at the 2025 Mid-Year Economic Performance Town Hall hosted by the Ministry of Finance and National Planning, Dr. Kalyalya noted that interest rates have dropped from 30% to approximately 20% in recent years. This, he said, will help to ease access to credit and support development initiatives.

He stated that Government's targets of reducing domestic borrowing and narrowing fiscal deficits are crucial in driving interest rates down. "Rates are still trending downward, but more work remains to stabilise our macroeconomic tools on a sustainable basis."

To support private sector growth, the central bank has implemented measures including the launch of the Stability and Resilience Facility (SRF). This initiative aims to maintain financial stability and strengthen the resilience of financial institutions. Under the SRF, the Bank of Zambia provides funds to eligible Financial Service Providers (FSPs) for onward lending, particularly to viable agricultural businesses and enterprises adversely affected by the country's ongoing electricity shortages.

"Specialised funds are vital for lowering the cost of capital in Zambia," Dr. Kalyalya explained. We have tied the SRF to the Monetary Policy Rate but insulated it- meaning if we raise the policy rate, the rate charged on SRF funds remains unchanged. This is part of our effort to support private sector development." he explained.

Also speaking at the same event, BoZ Deputy Governor for Operations, Dr. Francis Chipimo acknowledged the impact of both global and domestic



shocks such as COVID-19 pandemic, regional drought, and the war in Ukraine but expressed optimism about Zambia's economic resilience.

"These are serious shocks, but the economy continues to grow. There is a strong need for continued investment in infrastructure and the social sectors," Dr. Chipimo said.

He emphasised the critical role of Small and Medium Enterprises (SMEs) in driving inclusive growth and noted that the Bank of Zambia is actively promoting financial inclusion to ensure SMEs have better access to financial services.

Finance and National Planning Minister, Dr. Situmbeko Musokotwane, echoed the positive outlook, while acknowledging continued hardships such as drought, energy shortages, and lingering global disruptions, affecting Zambia's steady progress over the past four years.

"We have seen annual tourism numbers reach 2 million, and investments in irrigation have grown in response to drought. We have learned valuable lessons in building resilience," he said.

Dr. Musokotwane reported that since 2021, Zambia's economy has recorded

an average annual growth rate of 5%. "Our story has been one of growth, growth, and investments," he stated.

The minister also cited improvements in health infrastructure, noting that many citizens no longer need to travel long distances, sometimes up to 60 kilometers to access healthcare. On the mining front, he said formerly struggling operations such as KCM, Mopani, and Lumwana have resumed activity, contributing to economic stability.

He concluded by praising the positive impact of the Constituency Development Fund (CDF) and expanded social protection programmes, which he said are enhancing livelihoods and delivering tangible benefits to communities across Zambia.

At the same occasion, Zanaco announced a K134.38 million dividend payout to the Government of Zambia through the Industrial Development Corporation (IDC), following a profit after tax of K1.79 billion for the year ended December 2024.

Zanaco Board Chairman, Professor Oliver Saasa, described the dividend as a contribution to national development and economic progress.

EPTF TO INCORPORATE SERVICES AND IMPORTS MODULES

By Zambanker Reporter



Ms. Mwenechanya

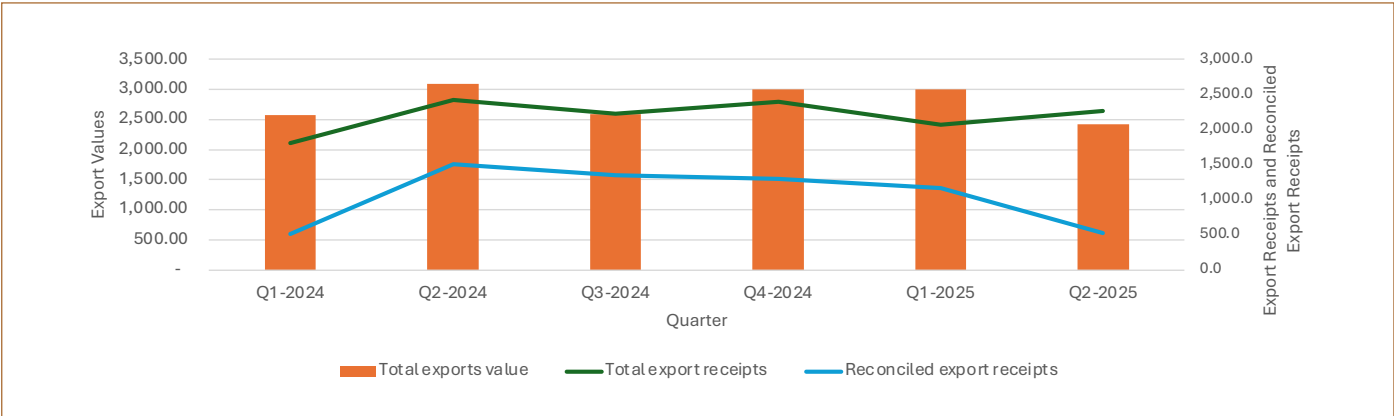
Senior economist - International Flows Monitoring in the Statistics Department, Ms. Mwika Mwenechanya

has said enhancements are being made to the Export Proceeds Tracking Framework (EPTF) to expand the scope of Balance of Payment statistics by incorporating services and import modules. Ms. Mwenechanya has said a trial for tracking exported services commenced in January 2025, and is set to be launched in the last quarter of 2025 with the imports launch expected in early 2026.

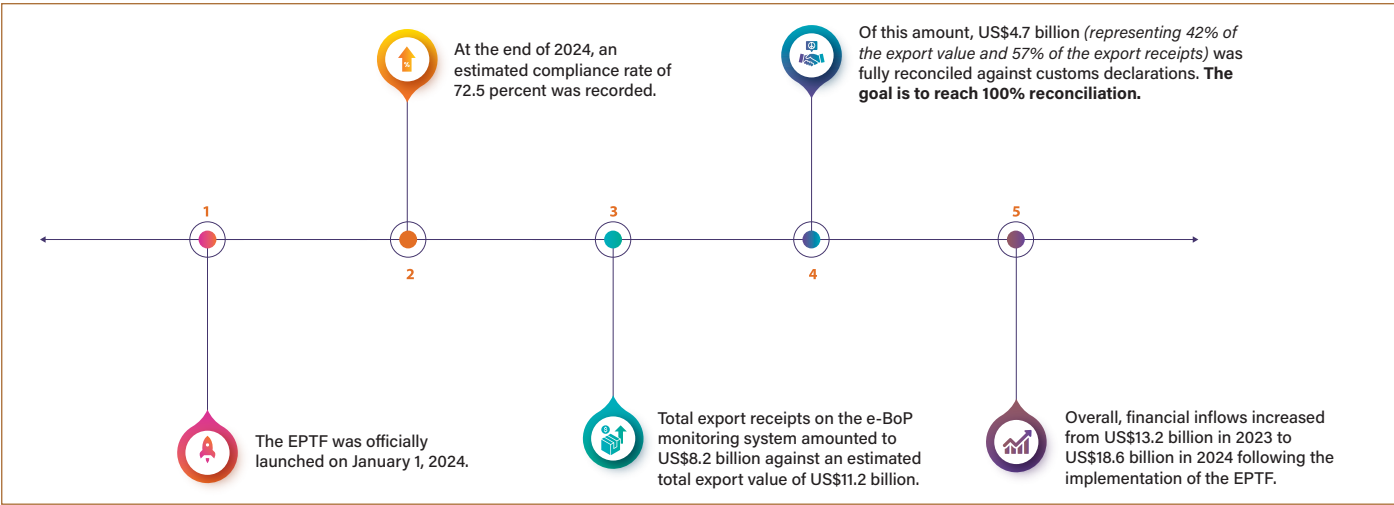
The EPTF was operationalised on January 1, 2024, to improve the compilation of external sector statistics. In the first quarter of 2025, the total value of exports recorded in the Electronic Balance of Payments

(e-BoP) Monitoring System were US\$3.0 billion compared to US\$2.6 billion during the same period last year.

Export earnings processed through local commercial banks amounted to US\$2.0 billion in Q1-2025, an increase from US\$1.8 billion recorded in Q1-2024. Of this amount, reconciled export receipts totalled US\$1.2 billion, reflecting a reconciliation rate of 56.3 percent in Q1-2025. This marks a significant improvement compared to Q1-2024, when reconciled export receipts stood at US\$509.6 million, representing a reconciliation rate of 28.2 percent.



2024 Highlights



MOBILE AGENTS ACCOUNT FOR 93.3% OF FINANCIAL ACCESS POINTS IN ZAMBIA

By Zambanker Reporter

Mobile agents, who currently account for 93.3 percent of financial access points in Zambia, have played a key role in promoting financial inclusion across the country. Making a presentation during the Zamtel second inaugural conference Payment Systems Officer, Ms Chaonza Phiri explained that by offering convenient and accessible financial services, these agents have bridged the gap for underserved communities, promoting economic empowerment and inclusion. This seamless integration of technology has in turn significantly boosted financial access and literacy among diverse populations, even in areas with limited banking infrastructure.

Directives on Electronic Money Issuance allows the Bank to extend its oversight and supervision to agents. A non-compliant agent may be removed from a mobile money provider. An Agent is a person or entity engaged by a mobile money operator to provide specific payment services on its behalf. Electronic Money Directives (2023) allow mobile money providers to distribute or redeem electronic money through agent networks.

To promote financial inclusion, the Government has implemented policies to increase access to banking services. Financial institutions can offer low-cost banking options and expand their reach to rural areas. The Bank, working with the Government and other partners has undertaken to educate the public about financial literacy and how using digital payment solutions can enhance inclusion through the Go Cashless campaign.

“By leveraging mobile technology, they enable people to send and receive money, make payments, and access other financial services conveniently. This approach not only enhances financial inclusion but also serves as a catalyst for economic development by empowering individuals and improving livelihoods,” she said.

She said initiatives like Go Cashless are a crucial role in realising this promise through innovative research and evidence-based solutions.

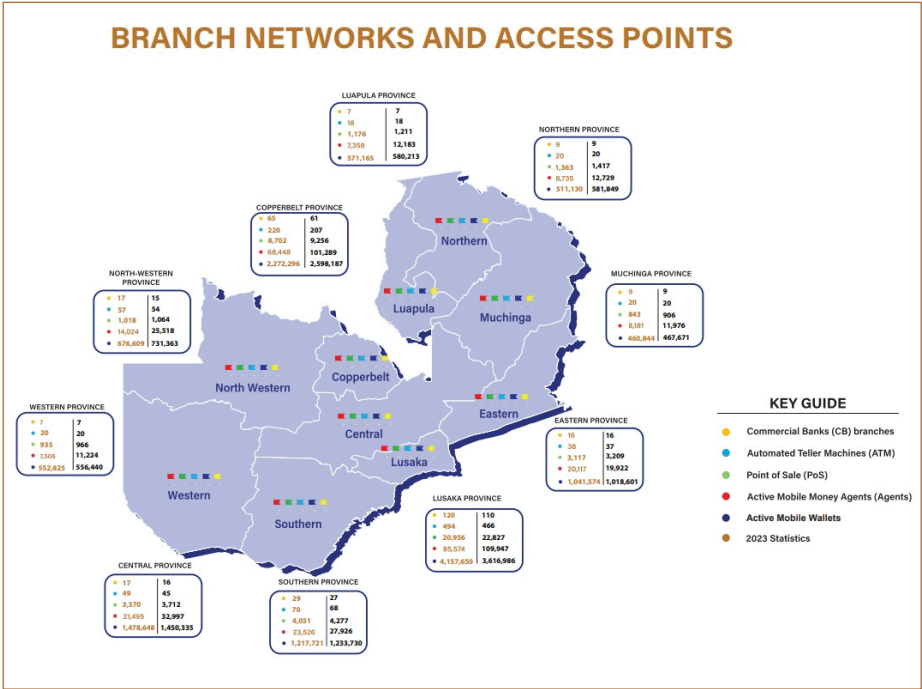
Authorised activities of agents include facilitating onboarding of mobile money customers; conduct due diligence on customers. This is essential as it helps to root out criminal elements and fight money laundering as well as facilitate customer transactions (deposits and withdrawals).



Ms. Phiri

Prohibited activities for agents include charging any fees to a customer outside those prescribed by the Bank; providing a service which is not authorised by the Bank and issuing pre-registered Sim cards. Criminals normally use such cards.

As at December 2024, access points provided countrywide by various financial services providers were as shown in the chart below:



AGENTS TRAINED TO ENHANCE MOBILE MONEY SECURITY

By Zambanker Reporter



Ms. Kasempa

The Bank of Zambia (BoZ) is training mobile money agents to rise awareness of the security features as well as mitigate risks, like counterfeiting, associated with mobile payments. Speaking during the second Zamtel Agent Training Programme in Kitwe, Assistant Manager-Currency Front Office Ms. Chipo Kasempa said the training of agents by the Bank is an ongoing process, not a one-time event.

Ms Kasempa explained that agents require periodic refresher courses to

stay updated on new developments. She said such training programmes are crucial for equipping agents with the knowledge and skills needed to handle the new currency efficiently.

“Well-trained agents are more likely to drive transaction volumes for mobile money operators, educate customers on how the service works, deliver error-free transactions and identify counterfeit notes, which is a critical skill in the current financial climate,” she said.

Ms Kasempa explained that the new

Zambian banknotes have enhanced security measures and celebrate the country’s cultural heritage by featuring different flora and fauna. She added that the previous banknotes, introduced in 2013, were due for restructuring given various factors that were taken into consideration.

“The new banknotes have a modern design and features that align with global currency standards. While they may have some colour similarities with other currencies, they differ in material (cotton-based substrate), security features, themes and sizes,” she said.

She stated that both the current and new banknotes will remain valid and legal tender until March 31, 2026. As old banknotes are deposited at financial institutions, they will be sent to the Central Bank and replaced with the new series.

Each new banknote features a theme that reflects Zambia’s national identity and highlights major landmarks and attractions. Currency design is a specialised process that requires expertise in security features (anti-counterfeiting measures), design concepts and machine-readable features. Ms. Kasempa noted that the selection of images for the banknotes must align with colour schemes and security features, a task best entrusted to experts.

Security features include: enhanced watermarks, holographic stripes, colour-shifting security threads and raised patterns (for the visually impaired).

VOLUME OF TRANSACTIONS JUMPS AFTER EXTENDED HOURS INTRODUCED

The Bank of Zambia implemented extended operating hours on the Zambia Interbank Payment and Settlement System (ZIPSS) effective 1 October 2024, in support of the Government’s agenda to transition toward a 24/7 digital economy.

Between October 2024 and June 2025, the volume of transactions processed per month showed a sustained increase following the introduction of extended hours, compared to volumes recorded during standard operating hours

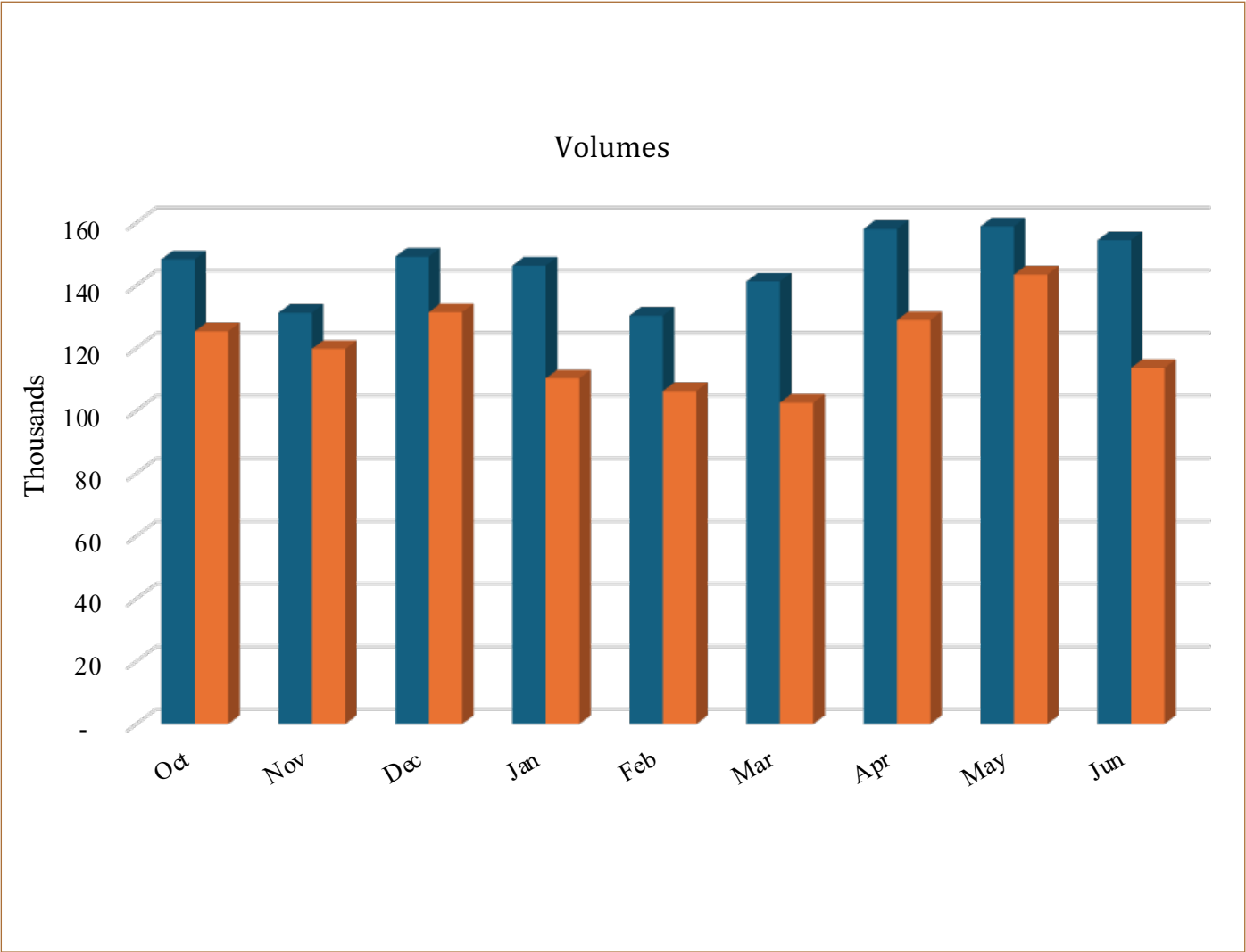
over the same period in the previous year (October 2023 to June 2024), as illustrated below.

During the extended operating hours over the reference period, the value of transactions processed showed a notable increase in the first four months. However, the subsequent five months recorded a decline in transaction values. This reduction was primarily attributed to decreased funding activity for Government transactions and adequate market liquidity for money market

transactions.

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Transaction Volumes Processed



BOZ ADOPTS ROBUST, MULTI-LAYERED FRAMEWORK AGAINST CYBERSECURITY THREATS

By Taona Maonde

Director Payment Systems, Mrs Mirriam Kamuhuza has said that the Bank of Zambia has adopted a robust, multi-layered framework to safeguard the financial sector against fraud and cybersecurity threats. In an interview, Mrs Kamuhuza said this approach reflects the Bank's recognition of the growing risks posed by digitalisation and the need for resilient oversight.

She explained that central to this framework are the Cyber and Information Risk Management Guidelines, 2023 issued by the Bank, which set minimum standards for financial institutions to identify, mitigate, and report cyber threats. These guidelines ensure that banks and other financial service providers maintain strong internal controls. The guidelines also require Financial Service Providers to submit cybersecurity self-assessment reports annually. These reports are in turn reviewed by the Bank to assess the supervised entity's levels of cyber resilience maturity.

"In addition, the Bank of Zambia using a risk-based approach conducts onsite inspections of supervised entities to assess their compliance with applicable laws and regulations. The inspections also focus on cyber security related matters. For instance, the NPS 2024 Annual Report notes that a key motive for the clean up of dormant and irregular mobile money accounts was a fraud mitigation measure," she said.

Director Kamuhuza stated that all supervised entities are required to report any incident within 48 hours of occurrence including stating mitigating measures put in place to prevent a re-occurrence of the

incident. These include cyber security incidents that may occur. This is part of the offsite monitoring programme which has been implemented by the Bank.

She said that the Bank also collaborates with key stakeholders such as the Zambia Information and Communication Technology Authority (ZICTA) and law enforcement agencies such as the Zambia Police Service and the Drug and Enforcement Commission (DEC) to strengthen enforcement and investigative capacity of the law enforcement agencies. Through these coordinated efforts, the Bank aims to uphold the integrity of Zambia's financial system while fostering innovation and public trust in digital platforms.

Mrs Kamuhuza explained that to gain deeper insights into customer experience and the real acceptance of digital payment methods, the Bank conducts mystery shopping exercises. These undercover assessments help to evaluate how businesses and consumers interact with electronic payment platforms, revealing gaps in service delivery, user satisfaction and overall readiness for a cashless economy.

"In addition, the Bank monitors the performance of the National Financial Switch (NFS), which facilitates interoperability among payment platforms and digital transactions across institutions. This infrastructure plays a vital role in assessing the convenience and efficiency of electronic payments for users. In addition, financial service providers are mandated to submit regular returns to the Payment Systems

Department, which allows the Bank to track transaction volumes, service reliability, and emerging trends," she said.

She added that the Bank, in partnership with other financial sector stakeholders, uses surveys such as the FinScope Survey to gather credible information on the demand, access, usage, and behaviour towards financial services by the adult population. This data helps policymakers and providers develop targeted responses to identified gaps and barriers.

Recent surveys conducted during the Go Cashless campaign across Zambia show a continued rise in financial literacy, especially in the safe use of electronic payment methods. People have become more aware of how to safeguard their digital money, recognise suspicious transaction patterns, protect their PINs and how to report scams. This is reinforced by the Bank of Zambia's 2024 National Payment Systems Annual Report, which highlights increased consumer awareness around fraud prevention and secure digital transactions. The report also notes the implementation of a Digital Financial Services Fraud Action Plan, expanded sensitisation campaigns, and regulatory efforts to curb unwarranted mobile money charges, all contributing to safer, more inclusive financial access.

In addition, electronic payment methods have provided an opportunity for digital lending and fintech services expanding access to financial tools. The preference for secure and convenient payment options reflects the growing impact of the Bank of Zambia's Go Cashless initiative to increase financial literacy.

FORMER BOARD DIRECTOR ELECTED ALTERNATE EXECUTIVE DIRECTOR AT THE AFDB

By Zambanker Report

Mr. Shebo Nalishebo, a former Bank of Zambia (BoZ) board member, has been elected Alternate Executive Director for the Southern Africa Group I Constituency at the African Development Bank (AfDB) Group. The election took place during the AfDB's Annual Meetings in May, 2025. He succeeds Gerard Pascal Bussier of Mauritius, whose term has ended.

In this new role, Mr. Nalishebo will represent the interests of Botswana, Malawi, Mauritius, and Zambia. He will support the Executive Director in strategic decision-making to promote economic and social progress across these member countries. Already stated above

The Annual Meetings, which included the 60th Annual Meeting of the AfDB's Board of Governors, are the institution's most significant event. Repeated below

Founded in 1964 and headquartered in Abidjan, the African Development Bank's core mission is to foster sustainable economic development and social progress in its regional member countries. China became a member of the institution in 1985.

Minister of Finance and National Planning Dr Situmbeko Musokotwane, has welcomed the development and congratulated Mr. Nalishebo on his new and well-deserved election. In a congratulatory message, Dr Musokotwane advised Mr. Nalishebo to ensure that the responsibility of championing investments for private sector growth, sustainable infrastructure, regional integration, and macroeconomic stability across

the four countries in the constituency, is meticulously executed.

"We expect you to diligently serve the needs of all member states in a professional manner and meet the performance expectations of the bank. We will continue to support you in every way possible so that at the end of your tenure, you will leave a lasting but progressive legacy in all the member countries in your constituency," the Minister has stated.

Mr. Nalishebo is a seasoned statistician with over 24 years of experience during which period he has actively participated in shaping public finance, economic policy and statistics.

Prior to his election, he served as Alternate Executive Director at the AfDB on a non-resident basis, from 2022. He has also served as Bank of Zambia board member, from 2021. Before that, he held positions at the Zambia Statistics Agency (ZamStats) where he was responsible for estimating GDP and helped to coordinate the country's first-ever economic census.

During his tenure at the Zambia Institute for Policy Analysis and Research (ZIPAR), he advised on tax policy, fiscal governance, and debt management matters. He has consulted for key Zambian government institutions, including the Ministry of Finance and National Planning, Ministry of Education, and Ministry of Health, as well as global development partners such as the World Bank, UNCTAD, UNICEF, UNECA, and GIZ.



Mr. Nalishebo

His work has supported high-level reforms in public expenditure management, tax policy, social protection financing, national health insurance financing, and statistical capacity building.

Meanwhile, the Board, Management, and Staff of the Bank of Zambia has congratulated Mr. Shebo Nalishebo on his election as Executive Director

"We are confident that Mr. Nalishebo will be instrumental in driving investments for private sector growth, sustainable infrastructure development, regional integration, and macroeconomic stability across the four represented countries. His vast experience as a statistician, public finance researcher, and policy analyst will undoubtedly bring significant benefits to the Constituency and the Board. The Bank of Zambia wishes the new Executive Director success and God's guidance in his new role," the statement said. Mr Nalishebo resigned from his position as Bank of Zambia board member, following his election at the AfDB.

INTER-SCHOOL QUIZ: A COMMITMENT TO PROMOTING FINANCIAL INCLUSION AND FINANCIAL LITERACY

By Barron Ngulukila

To commemorate the Bank's 60th Anniversary, the Bank of Zambia, in collaboration with the Ministry of Education, hosted an Inter-School Quiz dubbed *BoZat60 Inter-School Quiz*. The first phase of the quiz took place on June 27, 2025, with 60 schools from all 10 provinces competing simultaneously. From this initial round, the two highest-performing schools from each province were selected to advance to the national competition.

The national finals were held at the Protea Hotel in Ndola from July 14-16, 2025, where the top 20 schools battled for the grand prize.

- **Monday, July 14:** All 20 schools competed for a spot in the top 10.
- **Tuesday, July 15:** The remaining 10 schools faced off to reach the semi-finals. During a break in the competition, the finalists enjoyed a guided tour of the Bank of Zambia Regional Office.

The competition concluded on Wednesday, July 16, 2025, with the semi-finals and final rounds. After a highly competitive showdown, Mpelembe Secondary School emerged as the champion, claiming first place. Lake Road PTA School followed in second place, while Legacy School and Jacaranda Trust School finished third and fourth, respectively.

Deputy Governor - Administration, Ms. Rekha Chifuwe Mhango, who was the Guest of Honour at the Semi-Final and Final stages of the competition said the quiz was a "resounding success," showcasing the "remarkable talent, preparedness, and



enthusiasm" of the students.

She extended heartfelt gratitude to the Ministry of Education for its "steadfast partnership" and "instrumental" support in making the event a success.

She commended the participating schools, teachers, and headteachers for their dedication in preparing the students. She particularly praised the learners for their "commitment, discipline, and intellect," noting that their presence in the final rounds distinguished them as "among the best from across the country."

She reaffirmed the Bank's commitment to promoting financial inclusion and literacy, stating, "Through this Inter-School Quiz and other programmes, the Bank seeks to equip the public with the knowledge and tools they require to make sound

financial decisions that will not only shape their personal future but also contribute to the economic wellbeing of the nation."

Speaking earlier, the Provincial Education Officer - Copperbelt Province, represented by Ms. Justina Bwembya, thanked the Bank of Zambia for promoting financial literacy and investing in young minds by creating a platform for some of the country's most talented learners to come together and compete.

Also present were the Provincial Education Standards Officer, represented by Mr. Patrick Nyondo, Acting Director - Bank of Zambia Regional Office, Mr. Musapenda Phiri, Assistant Director - Financial Conduct, Mr. Richard Chirwa, Assistant Director - Communications, Ms. Besnat Mwanza, and other BoZ officials from Lusaka and Ndola.

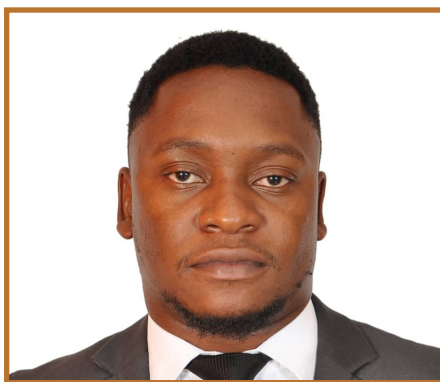
CONSUMER PROTECTION AND MARKET CONDUCT COMPLIANCE IN SPOTLIGHT AT INAUGURAL FORUM

By Beenzu Chisala and Elias Banda



The Bank of Zambia (BoZ) hosted its inaugural Consumer Protection and Market Conduct (CPMC) Compliance Forum from 18 to 20 June 2025 in Livingstone. The forum was attended by heads of compliance and customer-facing personnel from banks, non-bank financial institutions, and mobile network operators. The purpose of the forum was to provide participants with practical insights, regulatory expectations, and standards on compliance requirements in relation to CPMC.

The forum was officially opened by Dr. Francis Chipimo – Deputy Governor who, in his remarks, emphasised the significance of such platforms in strengthening CPMC compliance across the financial sector. He noted that the 2008 global financial crisis broadened the scope of supervision from solely assessing the financial health of regulated entities, to include financial inclusion, stability, integrity, and consumer protection. He also highlighted the evolution of Zambia's regulatory landscape, specifically the progressive reforms to the Banking and Financial Services Act which now includes dedicated



sections on anticompetitive practices and consumer protection. Dr. Chipimo underscored the importance of fostering a culture of ethical conduct and transparency to support a fair and inclusive financial system.

Key CPMC issues were addressed during the forum, including the regulatory and institutional frameworks for consumer protection, risks associated with digital financial services, and the role of corporate governance in promoting transparency and accountability. Presentations also focused on financial literacy, the integration of technology in service delivery and supervision, and the promotion of inclusive and ethical market practices. Additional discussions covered green finance, credit infrastructure, complaint redress mechanisms, and evidence-based consumer protection strategies.



Participants benefited from contributions by industry regulators and stakeholders including presentations from BoZ, Competition and Consumer Protection Commission (CCPC), Securities and Exchange Commission (SEC), Zambia Communications and Technology Authority (ZICTA), and TransUnion Zambia. Additionally, presentations were made by representatives from the Bank of Tanzania, and Innovations for Poverty Action, who provided

insights on international CPMC practices. Additionally, a panel discussion was held, which allowed panelists to share insights on the progress made in strengthening consumer protection, and highlight the challenges faced. It was pointed out that while progress has been made in strengthening consumer protection laws, low consumer awareness remains a major challenge due to information asymmetry. As such, panelists emphasised the need for collaborative

efforts among regulators and financial service providers to enhance consumer education. There was also strong support for the establishment of an independent and neutral financial ombudsperson's office to improve complaint resolution and build public trust. The discussion concluded with a call for inclusive financial strategies, particularly for underserved communities, and for financial institutions to prioritise consumer trust as a foundation for long-term sustainability.



WHAT'S TRENDING

NEWS FROM AROUND THE WORLD

CENTRAL BANKS TOLD TO PREPARE FOR CLIMATE SHOCK TO LABOUR MARKET

Story by Borja Suarez - Reuters



Central banks risk being blindsided by climate-driven shocks to global labour markets unless they overhaul their approach to monetary policy, a report published on Wednesday by the London School of Economics warned.

The study found that, even under relatively optimistic scenarios in which global warming is limited to 1.5-2 degrees, climate change would lower labour productivity, particularly in agriculture, construction and other sectors exposed to heat.

But the U.S. Federal Reserve,

in many ways the world's most influential central bank, withdrew from a climate-focused network of authorities earlier this year, raising questions about the depth of its engagement on these issues.

The report found rich countries were most at risk from the shift away from pollution-intensive industries.

By contrast, poorer regions in Africa, Asia and Latin America faced a bigger threat from physical risk such as floods and droughts.

These divergent pressures, combined with demographic shifts and tighter immigration policies, could further strain labour markets in developed countries while loosening them in emerging ones, the study said.

Feyertag also warned that labour market disruptions could amplify social inequalities, especially in countries with rigid labour markets. Inflation tends to be higher in a tighter labour market, all other factors being equal. Low productivity can also contribute to high inflation.

MASTERCARD PREDICTS THE FUTURE OF PAYMENT TRENDS FOR 2025

By [Fintechnews Switzerland](#)

How AI, blockchain, and digital ecosystems are reshaping the way we transact and interact in a rapidly evolving fintech landscape.



Over the past few years, payment trends have transformed entirely. Tap-to-pay has become even more prevalent, traditional financial institutions are exploring blockchain, and generative AI is emerging as critical to boosting fraud protection rates by as much as 300%.

Borders are no longer barriers to global trade, instant access to earnings is the expectation, not a perk, and paper checks and physical wallets are fast becoming museum

pieces — at least among the youngest of us.

Continued advances in tech are ushering more people and businesses into the digital economy every day, and it's driving demand for trusted interactions and raising the bar for simplicity and seamlessness.

For example, in an effort to make online checkout as efficient as physical, Mastercard recently announced that by 2030, shoppers

won't even need a physical card number or have to punch in a password or one-time code to make a transaction online.

This is thanks to the combination of tokenization, biometric authentication, and the Click to Pay digital wallet.

And the virtuous circle keeps spinning. Technologies are coalescing faster than ever, refining capabilities, generating new use cases and even creating new business models.

STRATEGIC PLAN MARKS MID-POINT PROGRESS

By Namukulo Mwauluka



Bank of Zambia's 2024–2027 Strategic Plan, launched publicly on 25 April 2024 under the theme “Promoting Inclusive and Sustainable Development in a Digitalised World”, has reached its mid-point. The Plan underscores the transformative role of digital financial services in fostering inclusive and sustainable economic growth. At this juncture, the Bank has recorded notable progress across its four strategic pillars: **price stability, financial stability, financial inclusion, and organisational resilience and growth.**

PRICE STABILITY

To strengthen the transmission mechanism of monetary policy, the Bank has advanced efforts to enhance legal enforceability of key financial agreements, notably the **International Swaps and Derivatives Association (ISDA) Master Agreement and the Global Master Repurchase Agreement (GMRA)**. The legal analysis of Zambian statutes to support enforceability is nearing completion, paving the way for the drafting of netting legislation, an essential step in mitigating

“Harnessing the power of Artificial Intelligence, the Bank will be able to proactively analyse financial data and detect anomalies effectively.”

counterparty credit risk.

Additionally, the Bank has introduced a new survey targeting households and businesses to evaluate the impact and effectiveness of monetary policy decisions, marking a significant step toward data-driven policy formulation.

Financial Stability

In pursuit of a more robust financial system, the Bank has established a **centralised Data Warehouse**, designed to serve as the definitive source for supervisory and regulatory data. Developed using an agile methodology, the initial product supports balance sheet analysis, API integration, statistical modelling, and survey workflows.

Leveraging **Artificial Intelligence (AI)**, the Bank is enhancing its capacity to proactively monitor financial data from regulated entities and detect anomalies with greater precision.

Sustainability has also taken centre stage. The Bank has embedded **Environmental, Social, and Governance (ESG)** principles into its supervisory frameworks. These principles are reflected in the **Banking and Financial Services (Green Loans) Guidelines 2023**, which guide financial service providers (FSPs) on integrating climate-related risks, carbon credits, and sustainability-linked lending into their operations. A dedicated ESG Guideline is currently undergoing peer review to further institutionalise these standards.

On the cybersecurity front, the Bank is progressing toward the establishment of a **Financial Sector Cyber Incident Response Team (FINCIRT)**, aimed at ensuring swift responses to cyber threats. Internally, a **Cyber Security Operations Centre (SOC)** has already been

“The Electronic and Centralised KYC Platform has entered the testing phase with live data, streamlining access to financial services.”

operationalised to monitor and respond to cyber incidents in real time.

Financial Inclusion

To broaden access to financial services, the Bank is piloting an **Electronic and Centralised Know Your Customer (KYC) Platform**. This initiative, developed in collaboration with the Ministry of Home Affairs and Internal Security, will streamline customer onboarding by centralising identity verification and due diligence data.

Another milestone is the extension of operating hours for the **Zambia Interbank Payment and Settlement System (ZIPSS)**, the country's Real-Time Gross Settlement (RTGS) platform. As of March 2025, ZIPSS now operates from 07:00 to 19:30 on weekdays and from 08:00 to 14:30 on Saturdays. A further review is scheduled for December 2025, with the long-term goal of achieving 24/7 availability.

Additional initiatives include the development of a **housing finance facility** to address the housing deficit as articulated in the 8th National Development Plan and a **regulatory framework for Open Finance** to facilitate the sharing of customer-permissioned financial data held by

“ZIPSS operating hours were extended to 7:00 AM to 7:30 PM on weekdays and 8:00 AM to 2:30 PM on Saturdays—bringing Zambia closer to 24/7 real-time payments.”

financial institutions.

Organisational Resilience and Growth

Internally, the Bank is undertaking a comprehensive **Enterprise Architecture Project** to document and optimise internal processes. Several processes have already been earmarked for improvement, with revised workflows at various stages of implementation.

To safeguard its information assets, the Bank is investing in **Tier III Data Centres**, with the first facility expected to be operational by the end of 2025.

Other ongoing initiatives include the deployment of **AI and machine learning tools** to enhance operational efficiency and a **culture remodelling programme** aimed at reinvigorating the Bank’s institutional values.

Conclusion

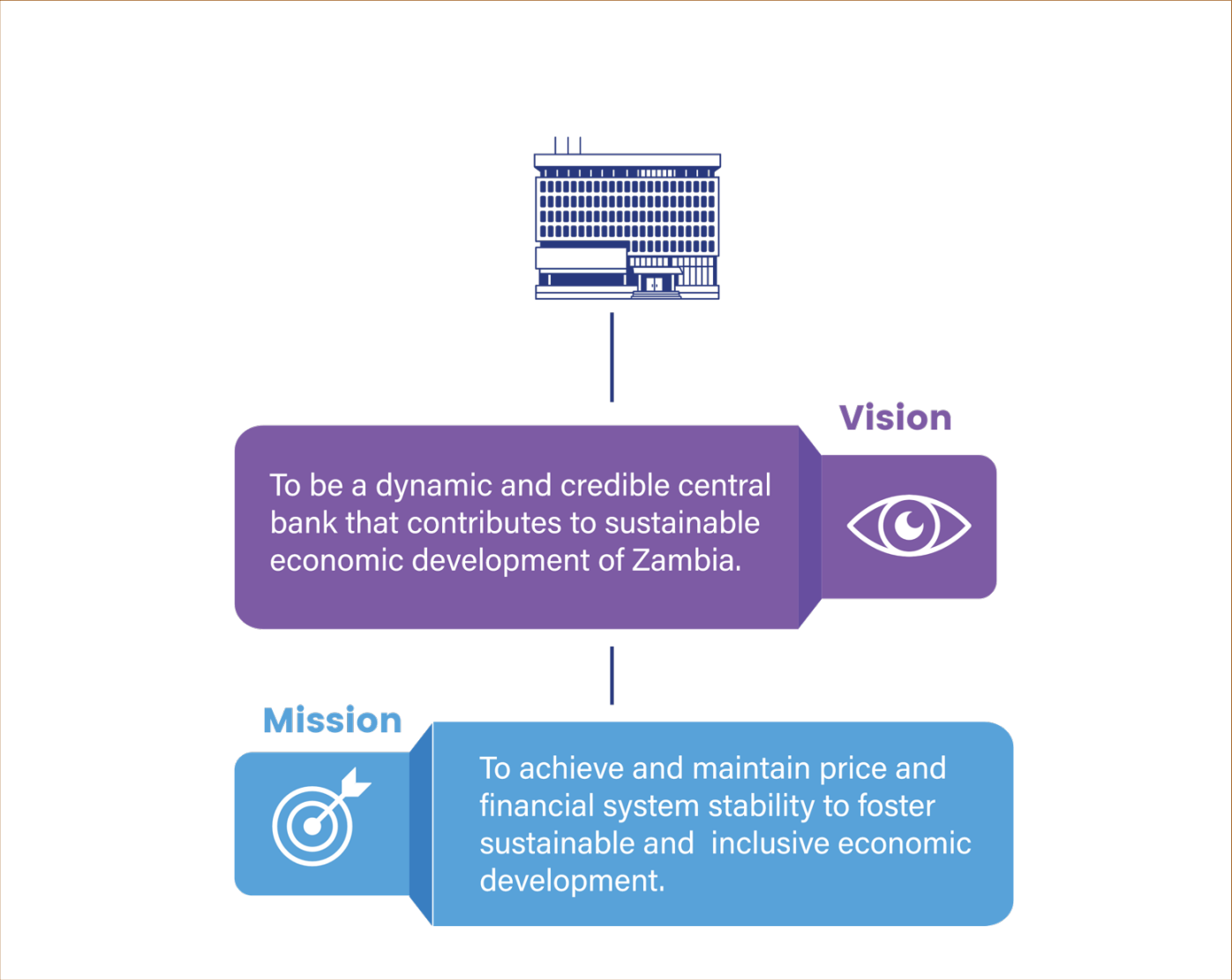
At the halfway mark of its strategic

“The Bank is implementing Tier III Data Centres to secure its information assets, with the first centre expected by end of 2025.”

cycle, the Bank of Zambia has made commendable progress toward its vision of fostering inclusive and sustainable development in a digitalised economy. The milestones achieved thus far reflect a strong commitment to innovation, resilience, and financial sector transformation.

The author is Manager-Strategy and Change Management Department and has been engaged with strategic management in the Bank since 2014.

Vision and Mission



SIGNIFICANT STRIDES MADE IN ADVANCING GREEN FINANCE FRAMEWORK (GFF)

By Ms Kabinda Kawesha and Dr Oswald Mungule



In 2023, the Bank of Zambia (BoZ) formulated a Green Finance Framework 2023 to guide the mainstreaming of green finance into its operations and those of its regulated entities. The framework was anchored on the BoZ Green Policy 2018 and intended to address, among others, a policy gap for greening the financial system and contribute to national and institutional commitments on climate change. Therefore, the objectives of the Green Finance Framework are to:

- Provide a working-definition of Green Finance formulated as “any product, service, process or financial initiative/strategy(s) that is either designed to protect the natural environment, manage environmental risks, address the challenges of climate change and the transition to low-carbon economic growth, or to manage how the environment impacts finance and investments”.
- Operationalise strategic initiatives and the BoZ Green Policy 2018 in relation to objectives that provide for BoZ to influence the environmental activities of financial service providers so that they can contribute to environmental sustainability and a green economic transformation



through capital investments, administrative and planning decisions, as well as monetary and supervisory policy reviews.

- Signal BoZ' intention to foster an enabling regulatory environment for financial services providers to adopt green finance product offerings and take environmental-and-climate action.
- Provide guidance on various operations that can foster an enabling environment for green

finance, such as - monetary policy; financial stability; the supervisory framework (corporate governance, risk management); government, regulatory and policy support; lending policies (green finance products and services, inclusive green finance, gender and digital financial services); incentives; data and reporting; and capacity building.

- Provide BoZ with a roadmap to operationalise and implement the GFF.

Through the Bank's strategic initiatives, capacity building, application of training concepts, partnerships, peer learning with other central banks, and stakeholder engagement, the BoZ has made strides in the implementation of its Green Finance Framework.



Members of the Green Finance Mainstreaming Working Group at a workshop on the harmonisation of green finance policies. The GFMWG comprises Bank of Zambia, Pensions and Insurance Authority, Securities and Exchange Commission, Ministry of Finance and National Planning, Ministry of Green Economy and Environment, Ministry of Lands and Natural Resources, UNDP Biofin, World- Wide Fund for Nature (WWF) Zambia, Prospero, Global Green Growth Institute and Zambia Institute of Chartered Accountants

Significant strides made in the implementation of Green Finance Framework

	BoZ Strategic Plan and BoZ Financial Inclusion Strategy • Green Finance Framework 2023 • Banking and Financial Services (Green Loans) Guidelines 2023 • An internal BoZ Environmental, Social and Governance (ESG) Framework (work in progress)
	Monetary Policy and Financial Stability • Integration of environmental and climate change related metrics into monetary policy analyses (work in progress) • Creation of the Stability and Resilience Facility
	Supervisory Framework • Training manual for BoZ and regulated entities • BoZ Green Finance and Green Loans Supervisory Manual • Guidance Note on Climate and Nature-Related Financial Risks • Gender review of the Green Finance Framework and Green Loans Guidelines
	Financial Services Providers • Training manual for BoZ and regulated entities • An ESG Framework for regulated entities (work in progress)
13 CLIMATE ACTION 	Government, regulatory and policy support on green finance • Collaboration with Ministry of Finance and National Planning, Ministry of Green Economy and Environment, the Ministry of Lands and Natural Resources for the provision of technical assistance to integrate concepts of climate and biodiversity finance, carbon markets, and the environment into financial sector policies and BoZ contribution to work streams on – the National Green Growth Strategy, Green Growth Index, NDC Implementation Plan, National Adaptation Plan, National Financial Inclusion Strategy 2, incentives, and disaster risk financing. • Membership of the Green Finance Mainstreaming Working Group for work streams on the Green Loans Guidelines, the National Green Finance Strategy (draft), Zambia Green Finance Taxonomy, Tagging and Reporting System (draft), Green Bond market development (draft), and adoption readiness for the International Financial Reporting Standards (IFRS) sustainability disclosure standards (ISSB standards IFRSs1/s2) • Membership of the Alliance for Financial Inclusion (AFI), Basel Committee for Banking Supervisors, the Network for Green the Financial System (NGFS) and World Bank on international standards/roadmaps on green finance and ESG.
	Capacity Building on Green Finance, ESG and Sustainability Frameworks – • Training for BoZ, banks, non-banks, building societies, payments operators in February 2025



CYBERSECURITY IN THE AGE OF AI

By Daniel Chibesakunda



A few decades ago, cybersecurity was not a major Business concern when designing systems and interacting with the internet. However, nowadays we cannot do much without the systems and internet as most things we do starting from emailing, instant messaging, banking, shopping, and even traveling cannot be efficiently achieved without the systems and the internet. The simplification of life using technology has increased the cyber-attacking surface for many organisations.

ICT departments are putting in place defense mechanisms to protect the assets against cyber-attacks, but cyber-criminals are changing the attacking tricks in that they no longer spend time trying to break the organisation's cybersecurity defense mechanisms. They have discovered that it is now easier to

trick users of the systems through a technique called social engineering. As cyberattacks grow in intensity, traditional safeguards are falling behind, a dawn of cybersecurity driven by artificial intelligence (AI) is changing the way we detect, respond to and prevent cyber threats. It is important to note that cybercriminals are also taking advantage of artificial intelligence (AI) to attack organisations.

How AI Is Changing Cybersecurity for the Better

Leaders should understand that responding to AI initiated attacks requires an AI defense. Traditional defense mechanisms cannot cope with the power of AI to analyse enormous datasets at lightning speed and detect sophisticated patterns. In this AI and digital age, response time to cyber threats is key to win the war on cybercrime, as AI algorithms provide the capability to analyse network traffic, user behaviour, and system logs to identify anomalies that suggest a potential attack. Organisation leaders need to understand that the automation of processes or digital transformation that their organisations have gone through has increased their attack surface. This calls for investment in AI cyber defense mechanism to provide a proactive approach in monitoring

their ICT environments and protect the huge investments that has been made in digital assets. AI is able to provide security teams with alerts of threats prior to causing significant harm.

Important areas AI is disrupting cybersecurity

AI has changed the way organisations are looking at finding solutions to their problems. Two areas that have been heavily affected is the automation of business processes to make the organisation efficient and the second is in cyberspace to respond to cyber threats. In relation to cybersecurity, AI has:

i. Automated Threat Detection

Most organisations have put in place AI threat detection systems to enhance their cyber defenses and also have the capability to perform round the clock monitoring of networks and systems for potential malicious activity. AI has the built-in mechanism which allow it to detect high-risk patterns through analysis of network traffic, log files, and user behavior.

ii. Improved Threat Intelligence

AI is capable of cross-referencing numerous data sources such as dark web forums, social media, and threat intelligence feeds to detect new threats and vulnerabilities. This gives advantage to organisations as it keeps them updated with the public sentiments especially by cyber criminals and allow them to quickly take action before any potential risk occurs.

iii. Better Incident Response

iv. AI can help automate many of the routine, mundane tasks that security teams need to perform when responding to an incident (for example, incident triage and



investigation). Using historical attack data, it can identify the root cause of attacks and suggest remediation actions to be taken.

v. Predictive Analytics

AI predictive analytics can also help with forecasting future potential attacks by reviewing a history of data and finding trends. If you know what the cyber criminals are doing, you can protect your systems and data before damage is done.

Progress in Automated Threat Mitigation

Automated threat remediation has a lot of potential as an application for AI in cybersecurity. AI is a reliable resource to decrease response time, and it mitigates the impact of attacks by making Automation of routine tasks. The advantage of AI-powered systems is the provision of AI-driven tools that automatically identify and block suspicious incoming traffic based on its origin, making sure that malware IPs, domains, and URLs cannot reach their ultimate targets.

AI has the capability to also automatically apply the security patches to the systems that are flagged vulnerable and this help in reducing exploit.

AI in incident response actions

Artificial intelligence provides organisations with the capabilities to launch automated actions related to the incident, including notifying security personnel of the malicious robot activities; automatically launching emergency operating procedures; and opening forensic investigations. AI achieves this by using a strategy that identifies odd behaviour that may signal an cyberattack. AI can deviate from normal behaviour by analysing large volumes of data and flagging any potential threats. Anomaly detection can be used in a number of elements within cybersecurity including:

i. supporting network traffic analysis

AI provides the capabilities to detect abnormal patterns in the flow of data over networks, whether related to massive transports or typical ports being utilised suggesting potential malicious activities. These activities can be abnormal user activity, like attempting to access sensitive information after work hours or logging in from unusual geographic areas.

ii. System log analysis

AI has the capability to detect abnormal system activities, such as failed logins or unauthorised access to system files.

It's from such abilities posed by AI which gives it the ability to automatically learn the organisation environment, understand what normal and abnormal activity is and make decisions to respond to an incident.

The Future of AI in Cybersecurity

The big question is how far AI can be used for offensive and defensive response to win the war against cybercrime. What are the future expectations of AI in Cybersecurity. There is need for continuous research in AI to discover other groundbreaking applications out there in Cybersecurity since AI is an increasing technology. These include a few of the trends that are on the rise like:

i. AI-driven endpoint protection: AI can help organisations secure end-point devices like laptops and phones from cyberattacks.

ii. AI-powered threat hunting: AI can assist cybersecurity teams in proactively searching for threats that may have bypassed traditional detection measures.

iii. AI powered Security Operations Centers (SOCs)-Automation of routine tasks helps cybersecurity analysts to shift their focus from mundane activities to more strategic planning.

It is important to state that you can never be 100% secure from cyber-attacks, therefore, though the promise of AI to improve cybersecurity is large, it is not a magic bullet. AI-based systems will perform to the extent of the data and algorithms they run. The need now is for training AI systems on data that must be of high quality and updates with new events.

In conclusion, AI is changing how we think about cyber security. AI is enabling organisations to safeguard their critical assets against the rapidly changing threat landscape, by allowing automation of routine tasks, enhancing threat detection and allowing preemptive measures. And as the open face of AI grows, so too will its responsibility in securing our digital future.

The author is Assistant Director, ICT Department



CROSSWORD PUZZLE

By Taona Maonde

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CLUES

Across

- 1. Number of fingers and toes
- 3. Directional guide to a specific location
- 6. What an author does before publishing
- 8. The grain used to make bread
- 9. A twisty puzzle with paths and dead ends
- 10. Huge salty water body
- 11. Born into royalty
- 12. Gain through effort
- 15. Cupid’s favourite emotion
- 18. Good time rolled into one word

Down

- 1. A plant with a trunk
- 2. Where birds lay eggs
- 4. Financial gain, not pain
- 5. The colour of the sun
- 7. Sudden burst of speed when you realise you are running late
- 9. Currency used for purchases
- 13. An attempt to do something
- 14. A promotional announcement that promotes either a product or service
- 16. A quick blink with one eye
- 17. The question behind every mystery

THE LOOMING LOAN CRISIS

By Nchimunya Muvwende



Access to credit is important for both individuals and companies as it helps them in achieving goals which would otherwise be unachievable without sourcing extra money. The loan market has recently recorded growth with an increasing number of lenders who include traditional banks, village banks, microfinance institutions, shylocks and individual

lenders. The booming credit business is slowly becoming so flooded such that getting a loan is as easy as buying vegetables at a market. The high supply and demand for loans has led to intense competition such that scrutiny for borrowers has been compromised to an extent of lending to already highly indebted borrowers and collapsing lenders businesses due to high default levels. The reasons that led to the 2008 global economic crisis where lenders focused on disbursing mortgage loans to undeserving clients provides vital lessons for the credit markets on the deleterious effects of a rapid growth in non-performing loans. The questions that beg answers are; to what extent is the loan market sustainable, are people being trapped in a debt cobweb they cannot get out

of and what can be done to escape the looming crisis?

Addicted indebted clients

Chatting with a manager of one microfinance institution, she explained that people in her area of operation had become so addicted to loans such that it becomes a monthly lifecycle. Immediately the people get paid, they wait for the lending institutions to deduct loan obligations after which they borrow again. The 2020 Finscope report shows 83.2 percent of adults mostly borrowed to cater for living expenses as compared to only 12.3 percent who borrowed for either starting or expanding their business. The challenge is that since consumption is the major borrowing reason, people continually borrow to sustain their lifestyle and in many instances, the borrowers do not even understand the terms and conditions and only get to learn of them after they are trapped in the debt cycle. The easy access to loans is also producing unproductive individuals who add less to economic activities because what they earn goes towards repayment of loans used for consumption and not investment. One potential reason why people are continuously indebted is the sourcing of high interest loans from lenders who readily give out funds with less requirements but high repayment amounts reduce the money available for productive use.

The credit market may look lucrative with high potential returns but the risks from having a high number of highly indebted clients will eventually collapse the market. The lack of prudent and comprehensive credit assessment of applicants is mostly the major cause of giving loans to people who only survive on debt perpetually with high chances of





default. Actually, the Credit Market Monitoring Report by Bank of Zambia shows that with increased credit to households, most of which is for living expenses, the level of non-performing loans rose faster than growth in total loans to households.

Jeopardised financial investments

Many money lenders have mushroomed who provide huge volumes of credit to individuals. Because of the way they carry out their credit operations, it has been difficult for regulators to effectively oversee or monitor them so as to ascertain their volumes and keep them in check. In sourcing for funds to loan out, some microfinance institutions and other lenders have resorted to creating investment platforms where people with excess funds invest their funds with a promised high return. What happens is that a money lender would ask people to invest a sum of money in that company that gives out loans in exchange for high returns. This has attracted people to either put in their hard-earned incomes or borrowed funds to invest with the lenders. However, there are many instances where money loaned funds fail to be recovered leading to bad debtors.

The consequence is that the company does not only lose the loaned money, but also the invested money hence worsening financial situation for lenders, borrowers and investors. This means that multiplier effect is greater because even the financial investments that someone puts up are jeopardized and the spiral effect affects families and the economy as a whole as the investors may also be turned into debtors.

Way forward

We cannot continue to promote a situation where loans are always the easy way out with no proper plan to pay back. The number of formally employed people whose pay slips are dented with loan deductions keeps increasing with the unfortunate incidence of moving from one lender to another which is worrying. While the increased number of lenders should ideally lead to lower interest rates, the opposite is true and this is detrimental for individual and economic growth.

The looming loan crisis will be in terms of individuals being so indebted that they cannot escape the poverty trap, companies who cannot grow

because their profits are used to service debt, lending companies that are also indebted and collapsing and overall declining economic activities. To prevent this, there is need to educate people on the dangers of borrowing for consumption instead of investment, encourage companies to venture into other financing forms such the capital market and also ensure effective regulation for lending companies and individuals. If the rate of creating highly indebted individuals and corporations continues without intervention, a looming loan crisis awaits where productive business ideas cannot be funded hence affecting business development, growth and employment creation. It should be noted that not all financial challenges need one to get loans because the repercussions are sometimes worse. To be forewarned is to be forearmed, therefore this calls for all necessary players to intervene and prevent the looming crisis which is inevitable if status quo is maintained.

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NAVIGATING THE COMPLEXITIES OF LOAN AGREEMENTS AND MANAGING REPAYMENTS

...responsibilities for consumers

By Silvia Siwale



Securing a loan can be a major step toward achieving financial goals, but it is a commitment that comes with significant responsibilities. The Bank of Zambia, as one of the regulators of the financial sector has been receiving an increasing number of complaints from consumers of financial products, some of which, from our investigations, stem from a lack of understanding and/or adherence to terms and conditions by consumers.

In this article, I set out to discuss borrower responsibilities, which encompasses the duties and obligations that individuals assume when they acquire a loan. This knowledge is important for ensuring a successful borrowing experience and safeguarding financial health.

The first step to obtaining a loan is to have a valid reason. Ask yourself questions like "do I really need a loan?" This is because, often, people obtain loans simply because they can. A loan is a means to an end, not an end in itself. So we often celebrate obtaining a loan instead of celebrating the success of the venture that necessitated the loan.



Secondly and before you even apply for a loan, it's crucial to take a hard, honest look at your finances. This self-assessment will determine your borrowing capacity and help you choose a product that fits your needs, not just your desires.

Start by creating a detailed overview of your monthly income. This should include your salary, any bonuses, or other regular sources of revenue. Next, make a comprehensive list of all your monthly expenses. Don't forget anything, from rent and utilities to groceries and discretionary spending. Subtract your total expenses from your total income to find your net disposable income. This is the money you have left over each month, which is essential for calculating how much you can realistically afford to pay

toward a loan.

It is important to also review any existing debts such as other loans. Your debt-to-income (DTI) ratio is the percentage of your gross monthly income that goes toward paying debts. Lenders use this to gauge your ability to take on new debt. A lower DTI ratio generally indicates better financial health.

Further, think about potential changes to your financial situation. Are you expecting a job change, or a major life event that could impact your income or expenses? Anticipating these changes can help you make a more informed decision about the loan amount and repayment strategy.

Understand the loan agreement

A loan agreement is a legally binding contract. Before signing, you must read and fully comprehend all the terms and conditions. The agreement specifies what you and the lender are required or prohibited from doing, and it serves as a framework for resolving any disputes. Pay close attention to key details like the interest rate, repayment schedule, and any associated fees. If something is unclear, ask for clarification from your lender or from a financial analyst, friend or relative.

Fulfill your responsibilities as a borrower

Your responsibilities as a borrower extend beyond simply receiving the funds. By upholding your end of the agreement, you can maintain a good relationship with your lender and manage your debt successfully. The primary responsibilities include:

Timely repayment: This is your most important duty. You must repay the borrowed funds, including both the principal and interest, according to the agreed-upon schedule. Failing to make payments on time can result in penalties, additional interest charges, and even legal action.

Compliance with Loan Terms: You must adhere to all the terms outlined in the loan agreement. This may include providing the lender with accurate and up-to-date information and maintaining any required collateral for secured loans.

Open communication with your Lender: If you anticipate any difficulties in making a payment or if your financial situation changes, it's vital to communicate with your lender promptly. Being proactive can allow you to negotiate alternative payment arrangements or seek assistance before the problem escalates.

Maintaining collateral (if applicable):

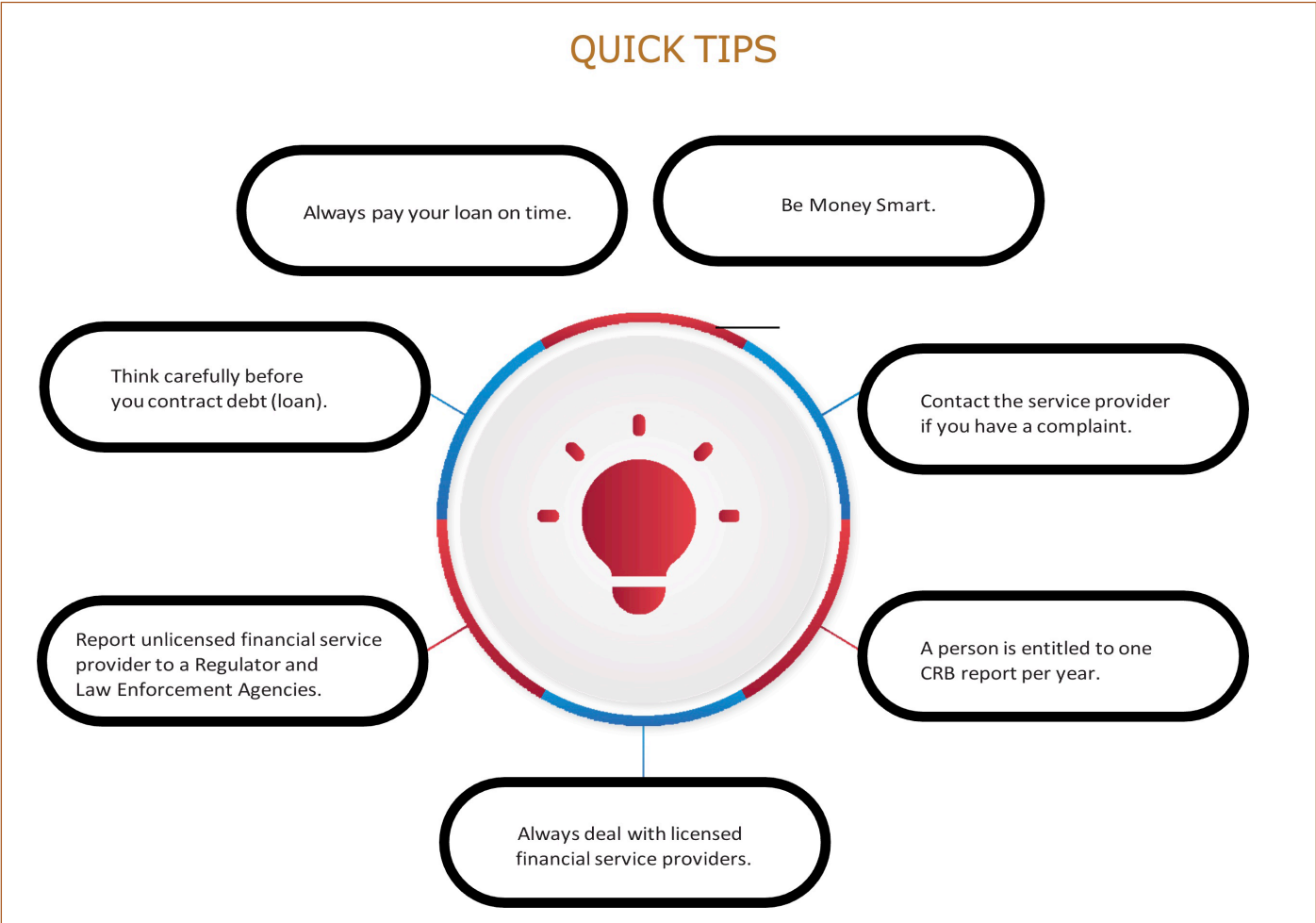
For a secured loan, you are responsible for maintaining the condition and value of the asset used as collateral. This includes keeping up with property taxes and ensuring it is adequately insured.

Awareness of Consequences: Always remember that failing to meet your obligations can have serious negative consequences, such as a damaged credit score, legal action, and the potential repossession of collateral.

Conclusion

By upholding responsibilities effectively and responsibly managing debt, borrowers can achieve financial goals and maintain good credit standing in the long run.

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BUSINESS SENTIMENTS ON THE ROLLOUT OF ZAMBIA’S NEW FAMILY OF NOTES

By Prudence Sinkamba, Patricia Funjika, Pride Kabuswe and Webby Chishala



On March 31, 2025, the Bank of Zambia launched a new family of the Zambian currency. The new series celebrates Zambia’s heritage and showcases key economic pillars, flora and fauna as well as the different waterfalls that exist in the country. Following the launch, *The May 2025 Quarterly Survey of Business Opinions and Expectations*¹ included a snap survey among businesses to gauge early sentiments about the potential impact of the currency revamp.

The results reveal a divided outlook. Most firms (57 percent) reported that

they did not anticipate any significant effects on their day-to-day operations. However, perceptions were less clear-cut when it came to broader economic implications. Just over half of the respondents (51 percent) either believed the new notes would influence the economy or were unsure about their long-term effects. Most of these respondents were drawn from the tourism as well as the wholesale and retail sectors. Luapula and Central Province accounted for the highest proportion of respondents who anticipated the new currency to have

an impact on their business. Notably, in Luapula Province, 96 percent of respondents expressed concern or uncertainty about the effects of the currency transition. Overall, a slightly higher share of female respondents (44 percent) anticipated that the currency change would affect their business, compared to 42 percent of male respondents.

The majority of firms expecting an economic impact from the new notes were located in Central, Lusaka, and Southern Provinces. At the broader economic level, more male respondents (51 percent) anticipated an impact compared to their female counterparts.

Firms’ perspectives on the impact of the currency change on their operations were shaped by practical considerations, particularly regarding money circulation, the availability of lower-denomination notes essential for transactions, and the short-term adjustment costs associated with introducing higher-denomination notes (Chart 1). Views on the broader economic implications were similarly mixed. While some respondents cited potential benefits, such as enhanced security features and greater transaction efficiency, others expressed concern about possible inflationary pressures and potential economic weakening following the transition.

¹ The responses were collected between March 17 and April 18, 2025.

² The word cloud and the summary respondent text analysis boxes in this section were generated using an artificial intelligence agent/system trained using the Mistral Large 2.1 Language Model. Mistral Large 2.1 Language Model is a large language model which can be used for complex multilingual reasoning tasks, including text understanding, transformation and other tasks. The research team trained the model to enhance its ability to analyse respondent views using various surveys, including past versions of the QSBQE.

Chart 1: Expected Impact on Firm Business²

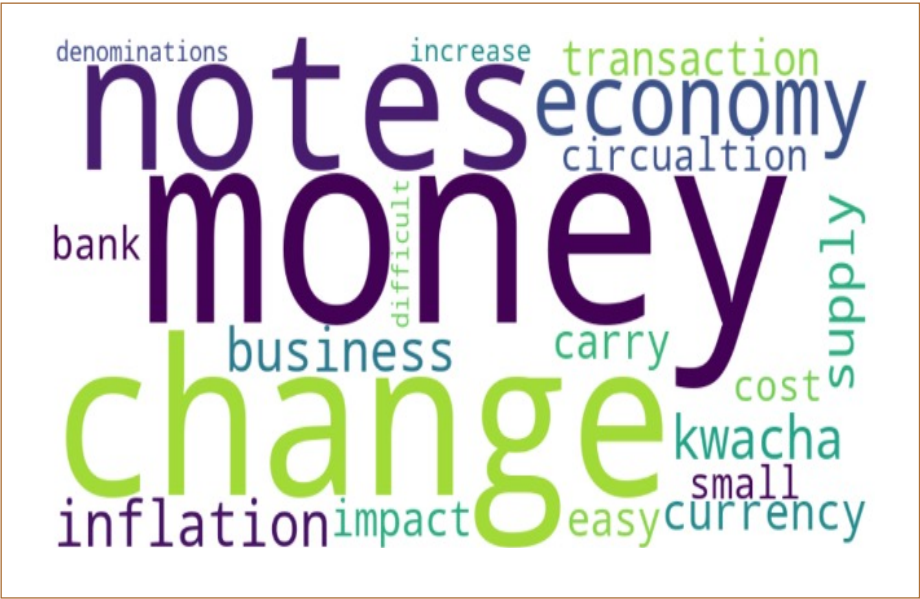
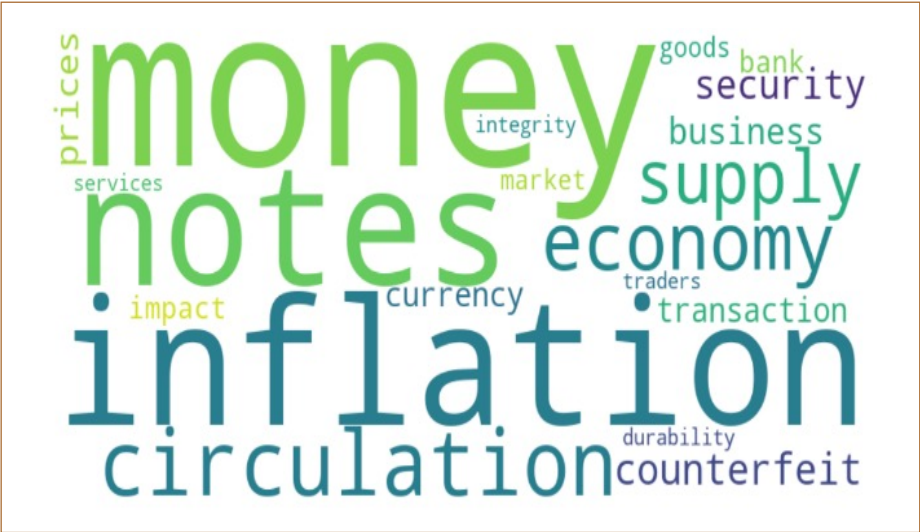


Chart 2: Expected Impact on the Economy



Note: A word cloud is a visual representation of respondents' qualitative responses. It emphasizes the popularity of words or phrases by making commonly used words appear larger or bolder than others around them.

Source: Bank of Zambia

Beyond these general assessments, firms also shared more specific reflections ranging from concerns about day-to-day transaction challenges to hopeful expectations around security, inclusivity, and

business efficiency:

... the impact that this will have is the trouble to look for change ...it will be difficult to find change

We expect a positive impact. People will move with less cash. Less money for people to carry around ...

If not managed well, money supply will increase, and inflation will be impacted...

Portability, you carry less when you are going to the bank or the market...

The inclusion of Braille symbols and unique designs could enhance the user experience for visually impaired individuals and promote inclusivity...

It will help in combating counterfeiting and improved currency integrity, as well as boosting public confidence in kwacha...

Entities will have their businesses protected from counterfeit money therefore reduce economic losses...

It will be safer to move with money, no one will tell you have a lot of money...

There could possibly be worsening of the price of goods due to difficulty in sourcing change. Anticipate businesses to round upwards when charging...

People will carry more value notes for big transactions which will promote business...

Despite the divergent views, textual analysis of the responses revealed an overall optimistic outlook, with many firms anticipating positive effects on both their own operations and the broader economy. A summary of these findings is presented in the table below.

² The word cloud and the summary respondent text analysis boxes in this section were generated using an artificial intelligence agent/ system trained using the Mistral Large 2.1 Language Model. Mistral Large 2.1 Language Model is a large language model which can be used for complex multilingual reasoning tasks, including text understanding, transformation and other tasks. The research team trained the model to enhance its ability to analyse respondent views using various surveys, including past versions of the QSBQE.

Business Opinions and Expectations

Positive perceptions
Increased Money Circulation New notes will boost money circulation, potentially stimulating economic activity and consumer spending.
Improved Security New notes with enhanced security features will combat counterfeiting, boosting public confidence in the currency.
Ease of Transactions New notes will make transactions easier and reduce the bulk of cash handled, improving efficiency in business operations. Higher value notes also improve portability, making it easier for individuals to carry large sums, which can facilitate larger transactions and promote business.
Consumer Spending Boost Increased money supply may lead to higher consumer spending, benefiting businesses with increased sales.
Public Confidence Boost New notes with better security can enhance public confidence in the currency, potentially leading to more deposits and improved financial accountability.
Promotion of Internet Banking Risk from counterfeit notes may encourage more internet banking, improving financial transparency and accountability.
Enhanced Inclusivity New notes with Braille symbols will improve accessibility for visually impaired individuals, promoting inclusivity.
Psychological Comfort Handling fewer, higher-value notes for large transactions provides psychological comfort and reduces transactional stress.
Negative perceptions
Inflation Concerns Introduction of new notes, especially larger denominations, may increase inflation if not managed properly.
Small Notes Management Businesses anticipate difficulties in providing lower denominational notes (change) due to the influx of new higher valued notes, impacting daily transactions.
Potential Kwacha Weakening The introduction of new notes might weaken the Kwacha against foreign currencies, affecting import costs and purchasing power.
Initial Adjustment Challenges Businesses may face initial teething issues adapting to the new currency, including investments in new cash handling equipment.

The May 2025 Quarterly Survey of Business Opinions and Expectations can be accessed at: <https://www.boz.zm/quarterly-survey-of-business-opinions-and-expectations.htm>.

BALANCING FINANCIAL INCLUSION AND AML/CFT COMPLIANCE

By Oscar Nkhuwa



Financial inclusion is a cornerstone of economic development, enabling individuals and businesses to access affordable and useful financial services. However, achieving this goal often clashes with de-risking practices, where financial institutions limit or terminate relationships with customers or sectors perceived as high risk. While de-risking aims to comply with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards, its unintended consequences can undermine efforts to bring the unbanked and underbanked into the formal financial system.

This article explores the relationship between financial inclusion and de-risking, the challenges financial institutions face, and practical measures they can adopt to strike a balance. It concludes with insights from FATF's recent consultation paper and World Bank publications on

The Link Between Financial Inclusion and De-risking

Financial Inclusion: Financial inclusion ensures access to banking, credit, insurance, and remittance services for underserved populations. Access to financial services enables individuals to save, invest, and access credit,

fostering economic empowerment. In developing regions like Zambia, promoting financial inclusion is vital for poverty reduction, small business growth, and overall economic resilience.

De-risking: De-risking occurs when financial institutions exit relationships or impose restrictions on sectors or individuals deemed high-risk, such as correspondent banks, remittance service providers, non-profit organizations, or Small and medium-sized enterprises (SMEs) with limited compliance capacity. While these measures are often driven by AML/CFT obligations, they can have severe consequences such as; (1) exclusion of marginalized groups from financial systems, (2) reduced access to cross-border payments, remittances, and funding for essential services, and (3) increased reliance on informal channels, which lack oversight and pose heightened risks.

These exclusions can drive affected groups toward informal financial systems, where oversight is minimal, increasing overall financial crime risks.

Measures to Balance Compliance and Inclusion

Financial institutions and regulators can adopt the following measures to mitigate the adverse effects of de-risking:

1. **Proportionate Risk-Based Approach (RBA):** Implement proportional measures aligned with the risk level, as outlined in FATF Recommendations. Encourage simplified measures for low-risk customers, such as basic know your customer (KYC) for individuals in rural areas.

2. **Leverage on Technology:** SupTech and RegTech solutions can enhance transaction monitoring and customer due diligence, enabling institutions to identify risks more effectively while supporting financial inclusion. For example, digital identity systems can simplify onboarding processes for remote customers.
3. **Stakeholder Collaboration:** Engage regulators, financial institutions, and civil society organizations to develop inclusive policies. Regularly review de-risking practices to ensure they do not disproportionately affect financial inclusion.
4. **Transparent Communication:** Clearly communicating risk policies to customers and stakeholders can help reduce the perception of arbitrary exclusions and build trust.
5. **Training and Awareness:** Equip staff with the skills to apply proportionate measures and identify legitimate customers who may initially appear high risk due to lack of documentation.

Practical Case Examples of Balancing AML/CFT Compliance and Financial Inclusion

1. Simplified Due Diligence for Low-Risk Customer:

In Zambia, a microfinance institution identified that stringent due diligence requirements excluded rural farmers from accessing credit. By implementing simplified measures for low-risk customers, such as using community-based documentation

(e.g., letters from village leaders), the institution was able to onboard more customers without compromising AML/CFT compliance.

2. Leveraging Digital Identity Systems:

A bank in India partnered with a national digital identity program to streamline customer onboarding. Customers provided biometric data and were verified through a central database, reducing the risks associated with non-face-to-face interactions. This approach enabled the bank to expand services to remote areas while ensuring robust KYC processes.

3. Proportionate Risk Assessment for Correspondent Banking:

A UAE-based bank revised its risk assessment framework to evaluate correspondent banking relationships individually rather than applying blanket restrictions. By considering the specific controls implemented by its correspondents, the bank maintained critical cross-border payment corridors while managing AML/CFT risks effectively.

Recent Developments: FATF and World Bank Insights

FATF Consultation Paper (October 2024):

The Financial Action Task Force (FATF) has proposed revisions to Recommendations 1, 10, and 15 to better align AML/CFT measures with financial inclusion. The revisions aim to address the unintended consequences of over-compliance while ensuring that AML/CFT measures remain effective. Key proposals include:

- Replacing “commensurate” with “proportionate” in Recommendation 1 to emphasize the need for balanced measures.
- Encouraging simplified measures



for low-risk scenarios (Rec 10).

- Recognizing technological advancements in digital identity systems for non-face-to-face interactions (Rec 15).

World Bank Guidance on Financial Inclusion:

The World Bank has consistently advocated for integrating financial inclusion into AML/CFT frameworks. Its publications emphasize the importance of:

- Inclusive risk management strategies.
- Capacity building for financial institutions in emerging markets.
- Leveraging partnerships between public and private sectors to extend access to financial services.

Conclusion

Balancing financial inclusion with AML/CFT compliance is a complex but necessary task for financial institutions, particularly in developing regions. While de-risking poses significant challenges, adopting proportionate risk-based measures and leveraging technology can

help mitigate its effects. The FATF’s proposed revisions, combined with insights from organizations like the World Bank, provide a framework for fostering financial inclusion without compromising the integrity of the financial system.

As the FATF continues to refine its Recommendations, financial institutions and regulators must collaborate to ensure that AML/CFT measures promote both security and inclusivity. This approach will enable institutions to better serve their communities while mitigating financial crime risks. Further Recommended Reading

- FATF (2024). Public Consultation on Revisions to Recommendations 1, 10, and 15.
- World Bank (2023). Advancing Financial Inclusion: A Toolkit for Policymakers and Financial Institutions.
- FATF (2017). Guidance on AML/CFT Measures and Financial Inclusion.

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ZAMBIA RECEIVES NEW MALARIA VACCINE

From nets to vaccine: Zambia's war against mosquitoes

By Lilian Ndabala



Introduction

Mosquitoes are the deadliest animals on earth, responsible for more human deaths than any other creature. In Zambia, they transmit malaria and, to a lesser extent, lymphatic filariasis (LF). While viruses such as dengue, Zika, and chikungunya are not yet common locally, the presence of competent Aedes vectors means the risk exists if these diseases are imported. Malaria remains the leading mosquito-borne disease, a major cause of illness and death, and a heavy burden on families and the health system.

Types and Common Diseases

Zambia has three main mosquito groups of public health importance:

- i. Anopheles mosquitoes (An. funestus and An. gambiae s.l.): Spread malaria, which is widespread across the country.
- ii. Culex and Anopheles mosquitoes: Transmit lymphatic filariasis, historically present in several districts but now under control with drug distribution campaigns.
- iii. Aedes mosquitoes (Ae. aegypti and Ae. albopictus): Capable of

spreading dengue, chikungunya, Zika, and yellow fever. Although local transmission has not been recorded in Zambia, Aedes albopictus was detected in southern Zambia in 2024, signaling future risk.

Prevalence in Zambia

According to the 2021 Malaria Indicator Survey, malaria prevalence among children under five was 29.3% nationally. Some provinces reported extremely high prevalence: Luapula (63.3%), Western (47.4%), North-Western (47.4%), and Muchinga (43.8%), while Lusaka and Southern provinces reported only 3.3%. Zambia's vectors are increasingly resistant to pyrethroid insecticides, limiting the effectiveness of standard mosquito nets and spraying.

Impact of Mosquito-Borne Diseases

Globally, the WHO World Malaria Report 2024 estimated 263 million malaria cases and 597,000 deaths in 2023, with Africa accounting for over 95% of the burden. Children under five carried the heaviest share.

Regionally, African Union countries recorded 251 million cases and 579,000 deaths, with 76% of deaths occurring in children under five.

In Zambia, routine health system data reported 8.47 million cases and 1,616 deaths in 2023. WHO modelling, which adjusts for under- and over-reporting, estimated 3.7 million cases and about 2,200 deaths. The economic toll is also high: malaria drives absenteeism from school and work, worsens maternal and child anemia, and drains household resources.



Control and Prevention

Zambia's fight against mosquitoes uses several approaches:

Nets and spraying: Distribution of long-lasting insecticidal nets (LLINs), especially next-generation nets that counter resistance, and indoor residual spraying (IRS) with new insecticides.

Medicines: Rapid testing and treatment with artemisinin-based combinations (ACTs), intermittent preventive treatment in pregnancy (IPTp), and seasonal chemoprevention in some areas.

Vaccines: In July 2025, Zambia received the new R21 malaria vaccine for phased rollout in high-burden districts. This vaccine is only active against the falciparum specie.

Environmental management: Draining stagnant water and improving waste management to reduce mosquito breeding, especially in towns.

Community engagement: Awareness campaigns and behavior change communication to promote consistent net use and prompt treatment.

Challenges

Despite progress, challenges remain. Insecticide resistance threatens vector control tools. Transmission varies widely across provinces, demanding targeted interventions. Climate change increases mosquito breeding seasons, while funding gaps and supply chain disruptions hinder steady access to nets, medicines, and spraying. The urban spread of Aedes mosquitoes also raises concerns about possible dengue or Zika outbreaks in the future.

Future Prospects

There is hope on the horizon. The malaria vaccine will save lives if integrated with nets and treatment. Zambia is piloting new tools such as attractive toxic sugar baits

and deploying next-generation insecticide-treated nets. Genetic monitoring of parasites and mosquitoes help guide treatment and insecticide policies. Innovations like spatial repellents, larvicides, and even gene-drive research in Africa may change the game. Zambia's National Malaria Elimination Strategic Plan emphasizes precision—using the right tools in the right districts.

Conclusion

Mosquitoes continue to pose a heavy burden in Zambia, especially

through malaria in northern and western provinces. With over 8 million reported cases in 2023, the challenge is significant, but progress is possible. Combining proven measures—nets, spraying, medicines—with innovations like vaccines and sugar baits offers hope. If Zambia sustains financing, strengthens local tailoring of interventions, and prepares for urban arbovirus threats, it can move closer to malaria elimination and protect communities from the deadliest bite.

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POWERING EXCELLENCE BEHIND THE SCENES

By Moseni Muzandu Mwape



Have you ever stepped into an office and felt a quiet sense of order? The polished floors, the cool air from perfectly calibrated air-conditioning, the soft hum of technology working flawlessly in the background—it's all part of a carefully orchestrated dance that most of us never see.

Behind every clean, well-lit office and smoothly running meeting room is a team of dedicated Facilities Management (FM) professionals. They're not just fixing things when they break; they're powering the heart of Zambia's financial system.

Facility Management: The Unsung Heroes of Central Banking

When people think about central banking, they often imagine economists, analysts, and policymakers shaping Zambia's economy. But those crucial decisions happen in a meticulously crafted environment built and maintained by FM teams.

Imagine if the power in a data center failed, or a meeting room became uncomfortable during a key policy briefing. Operations would grind to a halt. The FM team ensures that doesn't happen. Ever.

Creating Spaces That Inspire Excellence

A comfortable, safe, and well-maintained work environment isn't a luxury; it's a productivity engine. Studies show that workplaces designed for comfort and safety can boost productivity by up to 40% and reduce absenteeism significantly.

At BoZ, FM tries to ensure every chair is ergonomic, lighting is optimal, and air quality is healthy. These small details create an atmosphere where staff can focus on what matters: driving Zambia's economic stability.

"We don't just fix buildings," says Mr. Oscar Sichamba Maintenance Technologist. "We create environments where people feel valued, safe, and inspired to perform at their best."

Sustainability at the Bank's Core

Facilities Management isn't just about keeping the lights on; it's also about turning them green. The Bank is embracing eco-friendly practices like energy-efficient lighting, solar installations, and water-saving systems. These initiatives not only cut costs but also demonstrate leadership in supporting Zambia's environmental goals and the United Nations Sustainable Development Goals (SDGs).

When the department engages recycling companies to manage paper waste, FM's quiet work to protect Zambia's future is seen one green initiative at a time.

More Than Maintenance: A Strategic Partner

The FM team at the Bank of Zambia is strategic, responding to the needs of the Bank. Every upgrade, maintenance schedule, and design choice is made to protect the Bank's assets, boost efficiency, and ensure it can respond to national needs without disruption, all while controlling costs and managing risk. They use data to predict facility needs, plan for emergencies, and introduce smart technologies that keep the Bank a step ahead.

Why It Matters

Every Bank of Zambia staff member depends on FM from the executive chairing high-level policy meetings to the note examiner ensuring currency circulation. FM is the invisible hand

that keeps the Bank safe, functional, and future-ready.

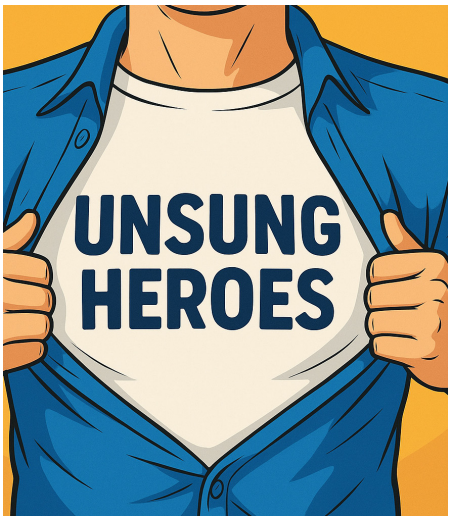
"When our facilities are in top shape, we perform better as an organisation," shares Patrick Gavin Phiri, Manager of Currency Front Office Operations. "FM doesn't just manage buildings; they empower us to serve Zambia with excellence."

Conclusion: Quiet Excellence, National Impact

Facilities Management may not always be in the spotlight, but its impact is everywhere. It's in the assumption of business continuity when a pandemic such as COVID-19 breaks out, the controlled temperatures in the server rooms, the spotless boardrooms, the lush landscaping that greets visitors, and the seamless operations that make the Bank of Zambia a pillar of trust.

FM doesn't just manage buildings; it powers Zambia's financial heartbeat. And while their work may be behind the scenes, their contribution is at the very forefront of the Bank's success.

So, next time you pass through spotless hallway, enjoy a cool office or experience just the right vibes remember: FM made it happen.



The author is Facilities Services Officer in the Procurement & Facilities Management Department

FORGIVENESS WITHOUT RECONCILIATION: WHY LETTING GO DOES NOT MEAN GOING BACK

By Zelipa Mitti



Forgiveness has long been praised as a virtue that cleanses the soul, eases bitterness, and makes for healthier relationships. Many religions, philosophies, and self-help books encourage us to forgive those who wrong us, painting forgiveness as the golden path to peace. Yet there is a common misunderstanding that forgiving someone means reconciling with them. Scholars who study human behaviour have shown that

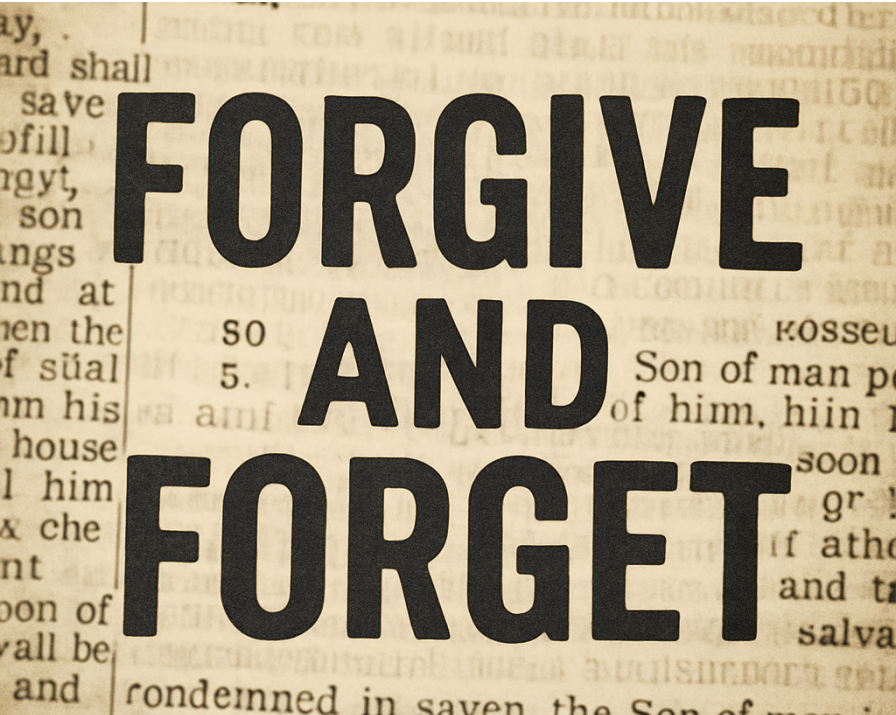
this assumption can be misleading. Forgiveness and reconciliation are two different processes, and while they can intersect, one does not require the other.

Dr. Everett Worthington, a leading researcher on forgiveness, distinguishes between decisional forgiveness and emotional forgiveness. Decisional forgiveness is a conscious choice to let go of resentment and ill will. Emotional forgiveness, which often follows, involves a genuine reduction of negative emotions such as anger or hatred. Neither definition requires repairing the relationship with the person who caused harm. Dr. Robert Enright, another pioneer in the field, defines forgiveness as a moral decision to release resentment while extending goodwill. He emphasises

that forgiveness is something we do internally. Reconciliation, on the other hand, is a mutual process that requires trust, safety, and evidence of change in the offender. In other words, you can forgive a person in your heart without ever welcoming them back into your life.

The problem arises when people equate forgiveness with reconciliation. If someone believes they must reconcile in order to forgive, they may remain in harmful relationships or environments long after they should have left. Imagine telling a survivor of abuse that their only path to peace is through reuniting with the abuser. Not only is that unsafe, but it also shifts responsibility for healing onto the victim instead of demanding accountability from the wrongdoer. Forgiveness frees the forgiver. Reconciliation involves risk and requires both parties to work at rebuilding trust. Without mutual effort, reconciliation is neither wise nor healthy.

Consider the humble donkey. You are walking behind it one afternoon. The donkey, perhaps startled by a bee or irritated by its heavy load suddenly lashes out and kicks you. You end up on the ground, bruised and winded, but after a few minutes you tell yourself, “It was just a donkey being a donkey.” You let go of your anger, knowing there is little point in holding a grudge against livestock. That is forgiveness. But common sense dictates you do not stand directly behind the donkey again the next day. Forgiveness does not mean foolishly



placing yourself in harm's way, it simply frees you from replaying the injustice in your mind. You may no longer hold the donkey accountable, but you also recognise the wisdom of boundaries. You can let go of resentment without removing the common sense that protects you from future harm. In psychological terms, you have separated the emotional release of forgiveness from the practical judgments needed for safety and trust.

Healthy boundaries are not signs of unforgiveness but of self-respect. Forgiving someone does not erase responsibility. If a colleague repeatedly undermines you at work, you may forgive them so that bitterness does not consume you, but you may also decide not to collaborate with them again until their behaviour changes. Forgiveness governs your inner state. Reconciliation determines who has access to your shared space and trust.

Studies show that forgiveness benefits the forgiver's well-being. It has been linked to lower stress, reduced risk of depression, and even improved cardiovascular health. These benefits occur regardless of whether reconciliation takes place. The act of letting go is enough to lighten the load. By contrast, reconciliation without genuine change can worsen health outcomes. Imagine forgiving someone and immediately resuming contact, only to be hurt in the same way again. The cycle of disappointment and betrayal reinforces stress and emotional turmoil. In such cases, forgiveness without reconciliation is not only healthier but also wiser.

It is possible to hold compassion for another human being while still protecting yourself from further harm. Returning to the donkey, you may even pat it on the side and offer it a carrot. You hold no ill will. But you will also stand safely to the side when it begins to twitch its legs. Compassion

and caution can coexist. This balance is where forgiveness without reconciliation thrives. It acknowledges the humanity of others without pretending that every relationship must be mended. Sometimes forgiveness is the last gift you give to a relationship before letting it end.

Forgiveness is a personal release, an internal act of freeing yourself from resentment. Reconciliation is a mutual process that depends on safety, trust, and accountability. Letting go of resentment can bring real peace of mind even if the relationship itself is left behind. Walking behind a donkey that once kicked you may not be the wisest decision, but forgiving the donkey keeps you from carrying bitterness long after the bruise has healed. Forgiveness lets you move forward with lightness, while reconciliation remains a choice one that requires much more than simply letting go.

The author is Web Editor in the Executive Department



Reconciliation

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60

YEARS

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Mpelembe Secondary School

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Jacaranda Trust







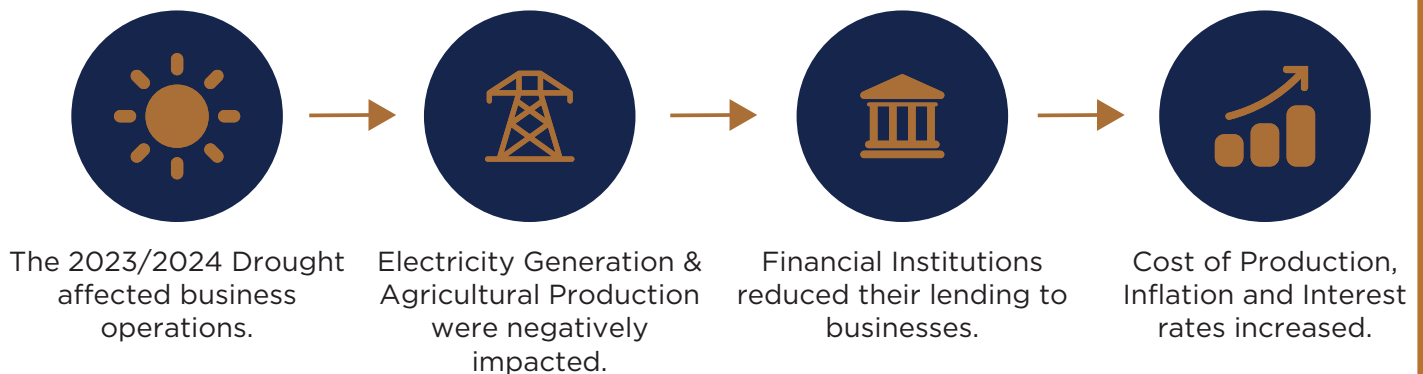
CURRENCY SENSITISATION EXERCISE





HOW CLIMATE CHANGE AFFECTED BUSINESS OPERATIONS AND THE ECONOMY

2023/2024 Drought



THE BANK RESPONSE TO THE 2023/2024 DROUGHT



RESPONSE TO THE 2023/2024 DROUGHT

STABILITY AND RESILIENCE FACILITY (SRF)

- The Stability and Resilience Facility (SRF) is a K5 billion stimulus package aimed at providing funds to eligible FSPs for onward lending to viable businesses in the agriculture sector and those negatively impacted by the ongoing electricity shortages.
- Loan tenor upto 7 years. 12-month access window.
Priced off the Monetary Policy Rate (MPR) – 100 basis points below MPR for conventional loans and 300 basis points below the MPR for green loans.
- 24 months moratorium (interest and principal payments)
Concessions and Benefits be passed to ultimate users of funds – the Businesses.

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