

# ZAMBANKER

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Bank of Zambia

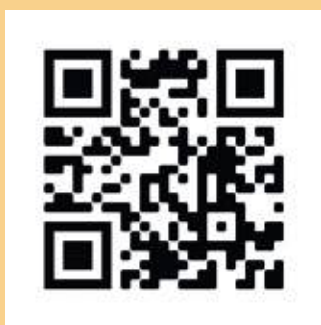
A BANK OF ZAMBIA JOURNAL



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ZAMBANKER MARCH 2025

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**Bank of Zambia**

# Showcasing the diversity and richness of Zambia

These banknotes pay tribute to Zambia and its remarkable nature. The front of the new Kwacha banknotes features the African Fish Eagle and six endemic flowers of Zambia, while the reverse side showcases six significant waterfalls, emblematic Zambian animals, and trees.



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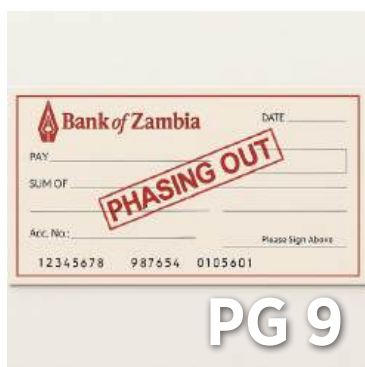


## BANK OF ZAMBIA NEW CURRENCY FAMILY

Pursuant to Section 17 (1) of the Bank of Zambia Act, 2022, on March 31, 2025, the Bank of Zambia marked another historic milestone in its currency history by introducing a new family of Zambian currency into circulation. This new series consists of six banknotes (K500, K200, K100, K50, K20, K10) and six coins (K5, K2, K1, 50N, 10N, and 5N). The currency showcases Zambia's rich heritage, with its unique flora and fauna as the central theme, hence it's called the Heritage Series.

## K5 BILLION FACILITY LAUNCHED TO COMBAT DROUGHT IMPACT

The Bank of Zambia (BoZ) has launched a K5.0 billion (Kwacha Five Billion only) Stability and Resilience Facility (SRF) to mitigate the impact of the 2023/24 drought. The drought has adversely affected food production and hydroelectricity generation significantly, leading to food insecurity and extended periods of load shedding.

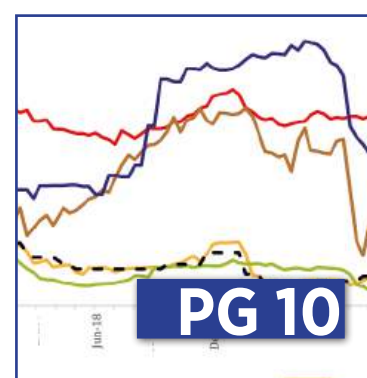


## USAGE OF CHEQUES TO STOP IN JUNE, 2026

Cheques will be officially phased out as a payment instrument in Zambia on June 24, 2026. This move, driven by the National Payment Systems Vision and Strategy 2023-2027, aims to modernise the country's payment system and foster a 24/7 digital economy. The Bank of Zambia conducted nationwide consultations with Government, businesses, and the public in 2024 regarding this decision.

## KEY MACROECONOMIC OBJECTIVES AND TASKS (2024-2025)

The Bank of Zambia's macroeconomic objectives for 2024 and 2025, as outlined in the Budget Speech, focus on price stability, external stability, and supporting economic activity. These are pursued alongside specific operational tasks.



## POLICY RATE RAISED TO TAME PERSISTENTLY HIGH INFLATION

The Monetary Policy Committee, at its February 10-11, 2025 Meeting, decided to increase the Monetary Policy Rate by 50 basis points to 14.5 percent. This is intended to steer inflation back to the 6-8 percent target band and help anchor inflation expectations, which are observed to have persisted.

## **BOZ GOVERNOR CONFIDENT IN ECONOMIC OUTLOOK, FOLLOWING 4% GDP GROWTH**

The Bank of Zambia Governor, Dr Denny Kalyalya, has expressed optimism that the four percent economic growth recorded in 2024 will yield long term economic benefits, including increased employment opportunities for the Zambian people. Speaking during the Town Hall Forum on the 2025 Q1 Budget and Economic Performance, organised by the Ministry of Finance and National Planning, Dr Kalyalya acknowledged that the country achieved economic growth under difficult conditions.



## **BOZ HIGHLIGHTS ESG COMMITMENT WITH ANNIVERSARY TREE PLANTING**

The Bank of Zambia (BoZ) marked its 60th anniversary with a tree planting exercise at the Mumbwa Caves. This initiative aligns with the Central Bank's efforts not only to raise awareness about the crucial role of forests in environmental protection, but to also promote natural regeneration of degraded forest landscapes.

## **THE STORY BEHIND THE HERITAGE SERIES**

The Bank on the 31st of March 2025 launched the new series of banknotes and coins. The series called Heritage Series celebrates the country's unique flora and fauna, and a number of our waterfalls that have in the past not been given the relevant prominence and, in most instances, only known by a few that had the opportunity of visiting the parts of the country where these waterfalls existed.

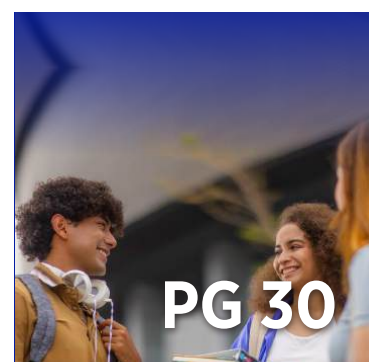


## **NEWS FROM AROUND THE WORLD CENTRAL BANKS DRIVE GOLD'S COMEBACK AS GLOBAL SAFE HAVEN**

In a world where financial assets can be frozen overnight, gold has returned as the ultimate fallback. A new global gold rush is underway, but this time it's not being driven by consumers or private investors. It's central banks, the most powerful financial institutions on the planet, that are hoarding gold at record levels.

## **SAN SALVADOR CONSENSUS ON RESPONSIBLE FINANCIAL INNOVATION**

Responsible financial innovation aims to achieve positive social and economic outcomes by broadening access to financial services, safeguarding consumers from risks, and establishing resilient digital frameworks that support inclusive and sustainable financial ecosystems.



# BANK OF ZAMBIA NEW CURRENCY FAMILY

*By Zambanker Reporter*

Pursuant to Section 17 (1) of the Bank of Zambia Act, 2022, the Bank of Zambia marked another historic milestone in its currency history by introducing a new family of Zambian currency into circulation on March 31, 2025. This new series consists of six banknotes (K500, K200, K100, K50, K20, K10) and six coins (K5, K2, K1, 50N, 10N, and 5N). The currency showcases Zambia's rich heritage, with its unique flora and fauna as the central theme, hence it's called the Heritage Series.

The redesigned banknotes feature enhanced security features to combat counterfeiting, with higher-value denominations (K500 and K200) introduced to promote more efficient transactions. Additionally, the redefined note-coin boundary introduces the new **K5 and K2** coins, while the lower-value notes (**K10 and K20**) are made with durable substrates to ensure longevity in circulation. The aesthetic design of

the new banknotes honors Zambia's remarkable natural beauty, with iconic symbols such as the African Fish Eagle, endemic flowers, waterfalls, and Zambian wildlife.

Notably, improved tactile marks with distinct patterns for each banknote have been introduced in response to the needs of the visually impaired community. These enhancements make it easier to distinguish between denominations. Additionally, the varied sizes of the notes and coins further support ease of identification. The six (6) coins are steel-plated and feature clearly differentiated edge serrations, providing another tactile cue to help visually impaired individuals identify the denominations with confidence.

In February 2025, the Bank launched a nationwide currency sensitisation campaign to educate the public about the features of the new currency and provide information on the exchange process. The existing banknotes will continue to circulate alongside the

new currency family from March 31, 2025, until March 31, 2026, ensuring smooth transactions for the public. The exchange of old notes for the new currency will be free of charge. Additionally, the K1, 50N, 10N, and 5N coins will remain legal tender even after March 31, 2026.

## Key Security Features

The new currency series includes several advanced security features:

### K10 and K20:

Durasafe substrate with a RAPID® security thread, providing visible movement when tilted.

### K50 and K100:

- Cotton substrate with RSi+ Thread and Spark Flow Prime.
- The K50 has a 3.5mm RSi+ thread, color-shifting from green to magenta, with a dynamic "bloom" effect.
- The K100 has a 3.5mm RSi+ thread, color-shifting from gold to jade, with a dynamic "bloom" effect.

### K200 and K500:

- Cotton substrate with Galaxy Thread and Spark Flow Prime.
- The K200 features a 4mm Galaxy thread, color-shifting from gold to green. The thread flips from "200" to the Bank of Zambia logo.
- The K500 features a 4mm Galaxy thread, color-shifting from magenta to green. The thread flips from "500" to the Bank of Zambia logo.

### K2 and K5 coins

- The K2 is a bicolor coin with a bronze plated outer ring and nickel-plated inner core with a latent image that changes from the letters BOZ to the numeral 2 once tilted.



- The K5 is a nickel-plated coin with a latent image that changes from the letters BoZ to the numeral 5 once tilted.

The introduction of the Heritage Series is a significant step forward in Zambia's currency evolution. By enhancing security features, improving durability, and incorporating designs that celebrate the nation's natural beauty, the Bank of Zambia has ensured that the new currency is both secure and reflective of the nation's rich heritage. This redesign responds not only to advancements in currency security technology but also to the challenges users experienced with the previous series. Furthermore, the new currency fosters a stronger connection to Zambia's cultural and natural identity.



# K5 BILLION FACILITY LAUNCHED TO COMBAT DROUGHT IMPACT

*By Zambanker Reporter*



**T**he Bank of Zambia (BoZ) has launched a K5 billion (Kwacha Five Billion only) Stability and Resilience Facility (SRF) to mitigate the impact of the **2023/24 drought**. The drought has adversely affected food production and hydroelectricity generation significantly, leading to food insecurity and extended periods of load shedding. These have had cascading effects on the economy with high potential to compromise financial system stability. As food and energy prices increase, inflation has been on the rise while the growth rate for the economy in 2024 has been revised downwards to 1.2 percent from the 2.3 percent projection made in July 2024.

Under the Facility, the Bank will provide liquidity to eligible Financial

Service Providers (FSPs) for onward lending to viable businesses in the agriculture sector and those negatively impacted by the current electricity shortages. The facility is, therefore, expected to contribute to the broader mandate of the Bank of Zambia of supporting and engendering price and financial system stability.

Clients with existing facilities, including those obtained under the Targeted Medium-Term Refinancing Facility (TMTRF), can access the funds as long as they meet the specified terms and conditions. However, this should not be for the purpose of refinancing such facilities. While access to the Facility will be based on the terms and conditions contained in this document. The Bank reserves the

right to vary the terms and conditions as may be deemed necessary.

The funds from the Facility shall be solely for the intended purpose and shall not be used to support activities as: Investments in foreign exchange holdings; Purchases of Government securities; placements with other FSPs; credit facilities to FSPs' employees (and their related parties), board members (and their related parties), and shareholders; on-lending on non-concessionary terms against what has been provided for in the terms and conditions; and any other non-qualifying purposes as may be determined by the Bank from time to time.

The funds shall be provided against eligible, clearly specified, and verifiable collateral.

Access to the Facility shall not be open-ended, but subject to the borrowing limit. Further, the funds shall be disbursed to the ultimate beneficiaries. Failure to do so may result in imposition of mandatory repayment.

Interest rates on the Facility shall be priced off the Monetary Policy Rate (MPR) with a 24-months moratorium on both principal and interest. FSPs are therefore expected to structure their portfolios in such a way that the benefits and any concessions provided for under this facility are passed on to their respective clients.

This SRF access window shall open for a period of 12 months. No further applications shall be received or considered after the 12-month period has lapsed.

FSPs are responsible for managing client repayments to ensure either onward lending or early repayment in accordance with SRF guidelines.

**Key features of the SRF include:**

- **Targeted Support:** Funds are specifically for businesses in the agriculture sector and those impacted by electricity shortages.
- **Eligibility:** FSPs must meet certain criteria, including licensing by the BoZ, a settlement account (or access to one), sound financial standing, and acceptable collateral.
- **Terms:** Interest rates will be priced off the Monetary Policy Rate (MPR) with a 24-month moratorium on both principal and interest. FSPs are expected to pass these benefits on to their clients.
- **Duration:** The SRF application window will be open for 12 months.
- **Restrictions:** Funds cannot be used for foreign exchange investments, Government securities purchases, placements with other FSPs, loans to FSP employees or related parties, or on-lending on non-concessionary terms.
- **Application Process:** FSPs must submit a written application with supporting documentation, including board resolutions, financial statements, and a pipeline of eligible borrowers. Applications must clearly distinguish between "green loans" (environmentally friendly projects) and "non-green loans."



# POLICY RATE RAISED TO TAME PERSISTENTLY HIGH INFLATION

Measure intended to help bring inflation down to its 6-8% target over the forecast horizon

By Zambanker Reporter

The Monetary Policy Committee, at its February 10-11, 2025 Meeting, decided to increase the Monetary Policy Rate by 50 basis points to 14.5 percent. This is intended to steer inflation back to the 6-8 percent target band and help anchor inflation expectations, which are observed to have persisted.

As forecast by the Bank of Zambia, inflation continued to increase at the start of the year, due to the stronger impact of underlying factors. In the fourth quarter of 2024, average inflation rose to 16.3 percent from 15.5 percent in the third quarter. The

implementation of higher emergency electricity tariffs in November 2024, triggered by the drought in the 2023/2024 rainy season, has had a substantial impact, particularly on non-food inflation, which rose to 14.1 percent from 12.2 percent in October. Furthermore, the reduced supply of vegetables and fish as well as the depreciation of the exchange rate have contributed to higher inflation.

Over the next eight quarters, inflation is still projected to remain outside the 6-8 percent target band. It is expected to average 14.6 percent in 2025 compared to 13.9 percent reported in the November 2024 MPC Statement.

The relatively higher profile for 2025 is largely influenced by the recent increase in inflation and persistent depreciation of the exchange rate. Survey data on inflation expectations also indicate that inflation will remain elevated and well above the target band. In 2026, although inflation is projected to decline to 10.6 percent, it will still be above the target band.

Looking ahead, the balance of risks to the inflation outlook is now tilted to the downside. This suggests that inflation outcomes over the forecast horizon could be lower than is currently projected. The shift in the balance of risks is mostly influenced by the expected improvement in food supply, particularly maize grain, and electricity generation in view of the current favourable rainfall. That notwithstanding, the external environment remains a source of upside risk to inflation as the shift in global trade policies evolve and geopolitical tensions rise.

To reiterate, given that inflation remains higher than the 6-8 percent medium-term objective and that inflation expectations are elevated, the Committee decided to raise the Policy Rate by 50 basis points to 14.5 percent. This is expected to help anchor inflation expectations and steer inflation back to the target range.

The Bank stands ready to take further action should inflation persist above the 6-8 percent target band. Decisions on the Policy Rate will continue to be guided by inflation outcomes, forecasts, and identified risks, including those associated with financial stability.



<sup>1</sup> Forecast horizon from the first quarter of 2025 to the fourth quarter of 2026

# USAGE OF CHEQUES TO STOP ON JUNE 24, 2026

By Zambanker Reporter

Cheques will be officially phased out as a payment instrument in Zambia on June 24, 2026.

This move, driven by the National Payment Systems Vision and Strategy 2023-2027, aims to modernise the country's payment system and foster a 24/7 digital economy.

The Bank of Zambia conducted nationwide consultations with Government, businesses, and the public in 2024 regarding this decision. Following these discussions, a detailed roadmap for the phase-out was developed and shared with all stakeholders, including commercial banks and payment service providers, in December 2024.

The Bank's decision to phase out cheques is mainly informed by the following:

- a) Inefficiencies** due to delayed and lengthy processing periods. This is despite efforts by the Bank and the industry to truncate the clearing process of cheques.
- b) Fraud**, being a paper-based payment method, a cheque is highly prone to fraud such as forgery of account holder's signature and theft of cheque books.
- c) Dishonoured cheques**, which are issued cheques that are not fulfilled during the processing cycle due to insufficient funds on the account and invalid signatures among other things.
- d) Cost of payment processing** infrastructure and cost to banks for printing of cheque books and associated material.

**e) Delay in the delivery** of goods and services by businesses when a cheque is used as a payment instrument until the clearing process is completed.

**f) Inconvenient** and time-consuming as the payment instrument may require physical presentments between the drawer, drawee and the respective commercial banks.

The phasing out of cheque usage will occur according to the following schedule:

Date	Milestone
<b>Friday, 28th February 2025</b>	Last day for customers to request for cheque books from commercial banks. Commercial banks will have a month to process these requests.
<b>Monday, 31st March 2025</b>	Last day for issuance of cheque books by commercial banks.
<b>Wednesday, 24th June 2026</b>	Last day for customers to deposit cheques at any commercial bank.
<b>Friday, 26th June 2026</b>	Last day for interbank clearing of cheques.

In addition to the Public Notice issued by the Bank, financial service providers have been requested to communicate to their customers regarding this development.

The Bank is encouraging the adoption of digital payment methods and working with stakeholders to ensure a smooth transition to a more modern and efficient payment ecosystem.



# KEY MACROECONOMIC OBJECTIVES AND TASKS (2024-2025)

By Zambanker Reporter

The Bank of Zambia's macroeconomic objectives for 2024 and 2025, as outlined in the Budget Speech, focus on price stability, financial stability, and supporting economic activity. These are pursued alongside specific operational tasks.

## Core Macroeconomic Objectives:

- **Inflation:** Reduce inflation to the medium-term target band of 6-8 percent. This signifies a commitment to price stability and maintaining the purchasing power of the Kwacha.
- **International Reserves:** Maintain international reserves above 3 months of import cover. This buffer is crucial for managing external shocks and ensuring the country's ability to meet its international obligations.
- **Exchange Rate:** Maintain a flexible exchange rate regime. This allows the exchange rate to adjust to market forces, promoting efficient resource allocation and facilitating external competitiveness.

## Key Operational Tasks:

- **Drought Mitigation Facility:** Introduce a Bank of Zambia facility to mitigate the impact of the drought on the agriculture and energy sectors. This targeted intervention aims to support vulnerable sectors and safeguard economic stability in the face of climate-related challenges.
- **Kwacha Legal Tender Regulations:** Issue currency regulations to reinforce the role of the Kwacha as legal tender in domestic transactions, in line with the Bank of Zambia Act, 2022. This measure seeks to promote the use of the national currency and strengthen its role in the economy.

## • Enhanced Export Proceeds

**Tracking:** Enhance the Export Proceeds Tracking Framework by including services and imports. This expansion will improve monitoring of foreign exchange flows, contributing to better management of the balance of payments.

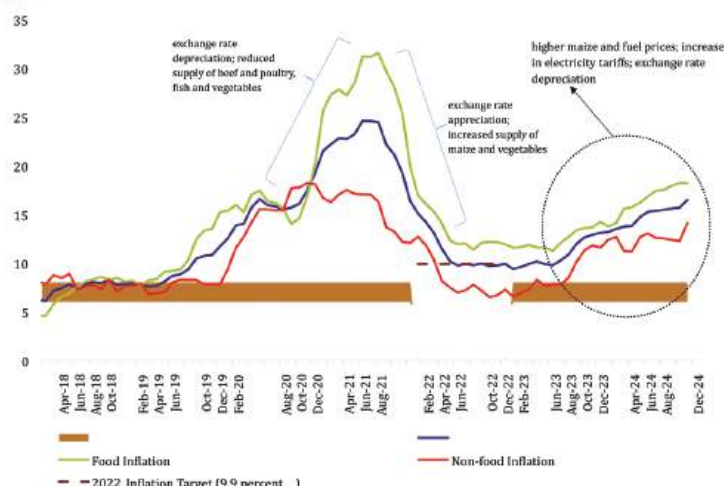
## • RTGS Operating Hours Extension

**Pilot:** Pilot a 6-month extension of the Real Time Gross Settlement (RTGS) operating hours, beginning October 2024. This pilot aims to support the development of a 24-hour economy by facilitating efficient and timely payments.

... inflation has risen significantly above the 6-8 percent target band

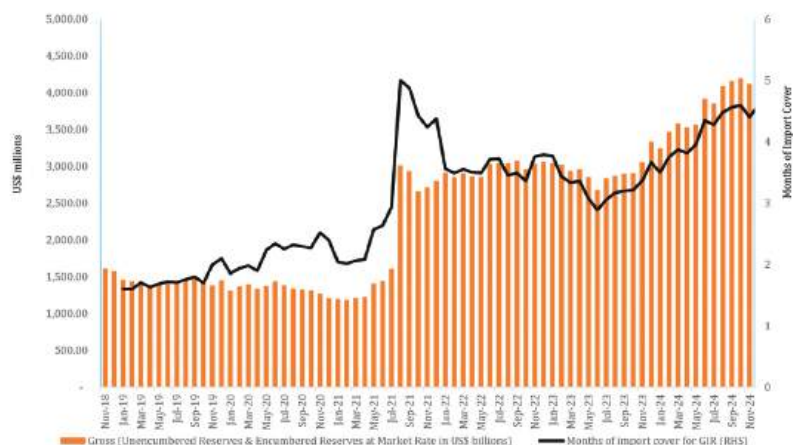
Actual Annual Inflation Rate (percent)

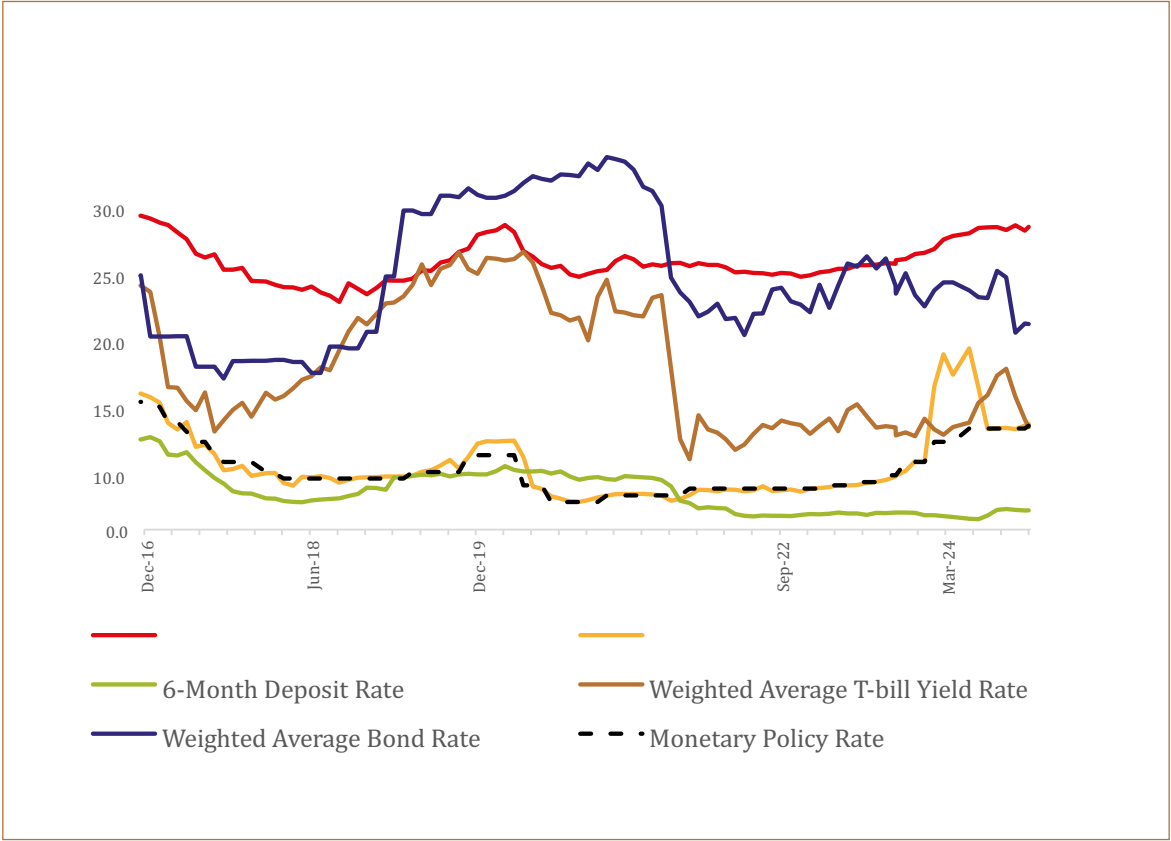
Chart 1:



... Gross International Reserves amounted to US\$4.1 billion at end-November 2024 (4.4 months of import cover)

Chart 5: Exchange Rate (K/US\$)





# BoZ GOVERNOR CONFIDENT IN ECONOMIC OUTLOOK, FOLLOWING 4% GDP GROWTH

By Daniel Tonga



**T**he Bank of Zambia Governor, Dr Denny Kalyalya, has expressed optimism that the four percent economic growth recorded in 2024 will yield long term economic benefits, including increased employment opportunities for the Zambian people.

Speaking during the Town Hall Forum on the 2025 Q1 Budget and Economic Performance, organized by the Ministry of Finance and National Planning, Dr Kalyalya acknowledged that the country achieved economic growth under difficult conditions.

“The growth that has been recorded under difficult circumstances is not trivial and one has to note that for growth to permeate, it takes time. This is the beginning, and we must stay the course over an extended period for this growth to generate the jobs that we are all looking for,” he said.

The Governor added that positive news driven by economic players was important for generating and

attracting more investment in the country.

In line with Zambia’s economic growth, a global credit rating agency, Moody’s, recently revised Zambia’s economic outlook from positive to stable, reflecting growing confidence in the country’s fiscal and economic recovery.

“The positive outlook made by Moody’s is an important factor to drive positivity in the economy. This organised Town Hall Forum is also an important one to reinforcing positivity in the economy,” he added.

Dr Kalyalya highlighted how global uncertainties including tariff wars affected Zambia. “There are some risks and uncertainty gripping the world from the tariff wars which are happening and affecting copper exports, but we believe that this will be a passing phase, and the world will go on with business”.

Speaking earlier at the meeting,

Minister of Finance and National Planning, Dr Situmbeko Musokotwane, said the economy was on a growth trajectory.

“The economy has been growing continuously despite challenges like drought, and, in the mid-term, the country is expected to post more growth because of the expansions in the mining sectors,” he indicated.

He highlighted key sectors that have contributed to economic growth including manufacturing, tourism, mining, governance, transport, and Information and Communication Technology (ICTs).

However, despite economic growth, Dr Musokotwane reminded participants of challenges that remained a threat to sustained economic growth.

The Town Hall Forum was sponsored by the Zambia National Commercial Bank (ZANACO). And in a vote of thanks, Ms Mukwandi Chibesakunda, Chief Executive Officer expressed thanks to the Ministry of Finance and National Planning and the Bank of Zambia (BoZ) for achieving economic growth.

The Town Hall Forum, which was held at the Keneth Kaunda New Wing at the Mulungushi International Conference Centre (MICC), drew participants from key economic players including banks, student bodies, chambers of Commerce, Trade and Industry and the Bankers Association of Zambia.

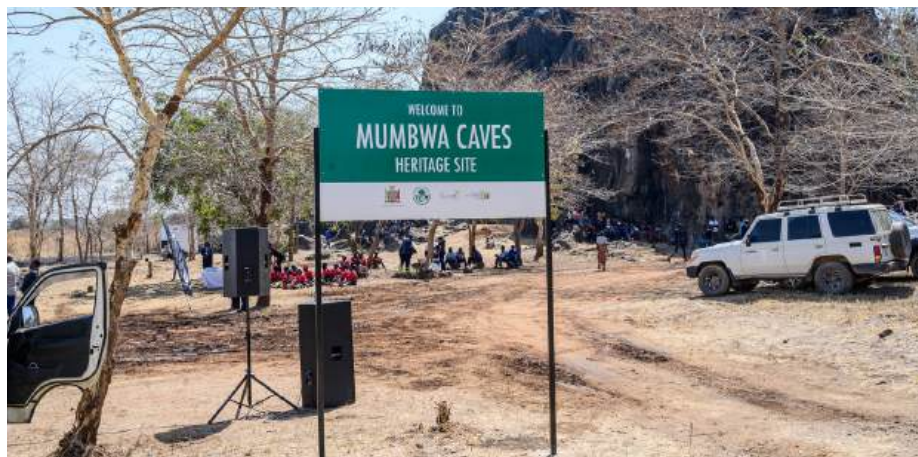
Notable attendees also included Honourable Chipoka Mulenga MP - Minister of Commerce, Trade and Industry, Mr Felix Nkulukusa, Secretary to the Treasury, Mr Dingani Banda, Commissioner General at the Zambia Revenue Authority (ZRA) and BAZ CEO Mr Leonard Mwanza.

# BOZ HIGHLIGHTS ESG COMMITMENT WITH ANNIVERSARY TREE PLANTING

*By Zambanker Reporter*

**T**he Bank of Zambia (BoZ) marked its 60th anniversary with a tree planting exercise at the Mumbwa Caves. This initiative aligns with the Central Bank's efforts not only to raise awareness about the crucial role of forests in environmental protection, but to also promote natural regeneration of degraded forest landscapes.

The event, held under the theme "60 years of Central Banking: Repositioning for sustainable and inclusive growth in a digital world," saw participation from various stakeholders, including local Government, traditional leaders, local community and representatives from the National Heritage Conservation Commission (NHCC). Participants planted over 100 saplings of various species to support forest regeneration



in the area. A guided tour of the caves was also conducted.

Speaking during the tree planting exercise, Bank Governor, Dr Denny Kalyalya said the Bank is firmly committed to its Environmental Social and Governance (ESG) programmes and furthering sustainable development goals. He said that this strategic collaboration with the

NHCC exemplifies the importance of how vital the environment is for the financial sector and the efforts that are being taken to create a sustainable future for all.

"This is no ordinary exercise for us. It forms part of our 60th anniversary commemoration. For those among us who didn't know, the Bank of Zambia was established on August 7,



1964, some two months ahead of our country being declared independent on October 24, 1964. To commemorate this major milestone, we thought of doing something out of the ordinary which contributes to the sustainability of the environment we live in. In this vein, we coined the theme of our 60th anniversary celebrations as, “60 years of Central Banking: Repositioning for sustainable and inclusive growth in a digital world.” Accordingly, leaning on the United Nations’ Sustainable Development Goal (SDG) No. 13, which encourages all of us to take action against climate change, we decided to undertake an eco-conscious initiative to plant trees to mitigate the impact of climate change,” he said.

The Governor stated that the local environment was facing numerous challenges, from deforestation to climate change related ones, which are becoming more frequent and severe. He added that it was, therefore, the collective responsibility of everybody to address the challenges we are able to and work towards a sustainable future.

He said consequences of deforestation are many and dire. These include soil degradation, water conservation and ozone layer depletion, an increase in the atmospheric level of carbon dioxide and extinction of plant species, among others.

Dr Kalyalya explained that trees must be preserved at all times since trees play an important role in human life. He said failure to do would result in climate change continuing to impact negatively on human survival.

“It has been observed that cutting down of trees is not only rampant here in Mumbwa, but in many other parts of the country as well. Good corporate citizenship calls for a conscious alignment of business operations with social, environmental and economic responsibilities to the benefit of both society and the business. I would like to urge everyone, individually and collectively, to develop a culture of planting trees. This is an important way we can contribute to the health of our planet. For us as an institution, the concept of CSR requires us to raise our social consciousness in the

communities we operate in. Through this awareness, underpinned by our values, we hold ourselves accountable for the impact our operations have on the environment, seek ways to uplift our society and promote sustainable development,” he said.

The Mumbwa Caves, was selected for this exercise among other options given, in recognition of their historic and scientific significance. The caves are an exceptional site because of the deposits and preservation of organic remains found there. The site preserved human and animal bone in some of its 8-meter-deep deposits. The caves are an important archaeological site as they are believed to have provided shelter to prehistoric man and, are an important centre for present day cultural activities as demonstrated by the revival of a number of Kaonde-Ila traditional ceremonies being conducted at the site.

He reiterated the Bank’s commitment to supporting sustainable practices and expressed gratitude to all stakeholders involved in the initiative.



# PRIVATE SECTOR FOREIGN LIABILITIES REBOUND ON STRONG FDI INFLOWS

By Barron Ngulukila

Private sector foreign liabilities rebounded in 2023, resulting in a net inflow of US\$658.1 million, a stark contrast to the US\$190.9 million net outflow in 2022. This improvement was mainly driven by a significant increase in Foreign Direct Investment (FDI), which reached a net inflow of US\$641.1 million compared to a net outflow of US\$65.1 million the previous year.

Speaking during the 2024 PSF Dissemination workshop, Deputy Governor - Administration, Ms Rekha Mhango said the rise in FDI was largely due to inter-company debt particularly payables, trade credits, and advances in sectors such as manufacturing, wholesale and retail trade, and mining. Furthermore, retained earnings from higher profitability in deposit-taking corporations, real estate, and mining sectors played a crucial role in this recovery.

She explained that the significant increase in FDI flows resulted in a 24.3 percent rise in the stock of foreign liabilities to US\$20.6 billion. The mining sector was the main contributor, while the deposit-taking corporations, wholesale and retail trade, manufacturing, and real estate sectors also saw substantial inflows.

"The data we collect is vital for understanding external sector developments, which influence monetary, fiscal, trade, and investment policies. This survey provides high-quality data essential for improving the business environment in Zambia, managing external debt and reserves, promoting investment, and effective economic planning. In addition, it enables us to meet our international commitments on data in line with global standards," she said.

The 2024 survey results, summarise the scale, types, sources, and trends of private sector foreign capital flows for 2023 and the first half of 2024. In addition, the results provide insights into investor perceptions regarding the investment climate in Zambia.

Ms Mhango explained that despite the increase in FDI flows, the stock of private sector foreign liabilities fell by 8.6 percent to US\$16.6 billion in the first half of 2024 compared to the same period in 2023, mainly due to higher loan repayments by mining and quarrying companies. FDI made up 77.0 percent of the total stock of private sector foreign liabilities.

"The survey reveals that private sector foreign assets grew by 5.9 percent to US\$2.7 billion in 2023, indicating increased investments by Zambian companies abroad. This rise was mainly due to high outstanding trade receivables. FDI flows rebounded to US\$153.0 million, particularly in the mining sector. Most of these assets are held in Switzerland," she said.

She said the survey results show that companies with foreign ownership

are performing well, indicating positive changes in the business environment that suggest potential economic growth in the future. This positive trend comes even as the economy continues to face significant challenges, such as electricity load management, rising electricity tariffs, the depreciation of the Kwacha against the U.S. dollar, the effects of drought on electricity generation and food supply, elevated inflation, and a projected decrease in GDP growth for 2024.

She reaffirmed the Bank of Zambia's commitment to implementing prudent monetary policies and exploring further reforms to support a stable business environment. To enhance macroeconomic stability, the Bank will continue to implement prudent monetary policies and explore liquidity management and foreign exchange reforms.

"We believe these measures, along with sound fiscal and investment policies, will support a stable environment for businesses to thrive," she said.



# THINK BEFORE YOU FOLLOW, SAFEGUARD YOUR MONEY

*Report any suspicious financial requests or digital invitations to the authorities immediately*

**By Taona Maonde**

**D**irector Financial Conduct Supervision - Ms Freda Tamba has urged the public to manage their personal finances with an informed and security - conscious approach. Speaking on behalf of Bank of Zambia Governor, Dr. Denny Kalyalya at the launch of this year's Financial Literacy Week public awareness campaign, Ms Tamba implored members of the public to be mindful of potential risks in the financial sector and take steps to protect their hard-earned money.

The theme for this year, "Think Before You Follow, Safeguard Your Money," aligns with the official theme of the 2025 Global Money Week and has been adopted for the Financial Literacy Week in Zambia.

The launch of the campaign was preceded by a broadcasted message from the Minister of Finance and National Planning on March 16, 2025. Financial Literacy Week activities were conducted from March 17 to 23, 2025, spanning all ten provinces of the Republic of Zambia. In a departure from tradition, the launch event was held in Mazabuka, Southern Province, marking the first instance of this event taking place outside of Lusaka.

Ms. Tamba identified financial scams, fraud, theft, pyramid schemes, cyber-attacks, and threats to data privacy as key risks. She advised consumers of financial services and products to actively protect their money by engaging solely with licensed providers. Furthermore, she emphasized the need for caution when sharing financial information and the diligent protection of personal data. She specifically warned against sharing sensitive financial details, such as account numbers and passwords, with unfamiliar



parties or via unsecured platforms. Additionally, she advised the public to remain vigilant against phishing schemes and to exercise scepticism towards unsolicited communications requesting personal or financial information.

She explained that financial literacy initiatives continue to focus on young people in primary, secondary, and tertiary institutions as well as adults, with the aim of equipping future generations with the essential knowledge needed to make informed financial decisions for their financial well-being.

"In this regard, financial education has been incorporated in the national school curriculum and financial literacy initiatives continue to be undertaken in collaboration with the Ministry of Education. We firmly believe that the development and execution of national strategies concerning financial education and inclusion have established a robust framework that facilitates effective engagement among various stakeholders, including the Government, financial sector regulators, financial service providers, and the general public. This collaborative effort has led to heightened awareness campaigns among the public regarding the availability and safe usage of financial products and services nationwide," she explained.

She stated that strengthening financial literacy among consumers would enable them to identify financial scams, fraudulent activities and avoid biased advice, thus helping them to make better financial decisions to safeguard their future well-being. In this regard with the conclusion of the National Strategy on Financial Education II (2019-2024), the Ministry of Finance and National Planning, along with the Bank and other financial sector regulators, have begun the process of conducting a comprehensive review of the strategy. The review will assess the progress, successes, and challenges of NSFE II, and guide the development of phase III of the N S F E.

In order to measure the strides that have been made in advancing financial education and financial inclusion in the country, a multisectoral project team has been established to conduct the 2025 FinScope Survey and disseminate topline findings by the end of this year.

FinScope surveys are invaluable tools for understanding the financial landscape of a country and developing targeted financial education and financial inclusion strategies. The survey provides information on access and usage of financial services (formal/informal), barriers encountered, financial literacy and overall financial inclusion.

# INTERNATIONAL WOMEN'S DAY- LOOKING BACK AND LOOKING AHEAD

By Stella Nkhoma



International Women's Day (IWD), observed annually on March 8, highlights the continued fight for gender equality and women's rights globally. It recognizes and celebrates the contributions of women across all sectors—social, political, economic, and cultural—while also shedding light on persistent challenges such as gender-based violence, income inequality, and limited access to education and healthcare. Beyond being a day of recognition, it inspires action toward building a fairer, more inclusive world where women and girls can reach their full potential.

IWD holds great importance in Zambia, where it has been observed as a public holiday since 2007. The Zambian government, with support from various local and international organizations, uses the occasion to promote women's rights and reaffirm its commitment to gender equality and inclusive national development.

For the Bank of Zambia, marking this day goes beyond symbolic recognition it reflects the institution's dedication to fostering a workplace that values equality, diversity, and inclusivity. Celebrating IWD gives the Bank an opportunity to promote gender balance within its operations,

encourage leadership development among female staff, and support the national and global movement towards gender equality. It also helps to build a positive and supportive work environment, motivating employees and reinforcing the Bank's reputation as a progressive and socially responsible organization.

Through targeted activities such as the Women's Leadership Team Building and the Men's Pitstop Conference, the Bank of Zambia uses IWD as a platform to raise awareness, evaluate internal gender policies, and promote lasting change. This annual observance not only empowers staff but also strengthens the Bank's role in driving inclusive growth and ethical leadership in the

financial sector. Commemorating IWD is an opportunity to reaffirm BoZ's commitment to gender equity, promote inclusive leadership, and raise awareness of gender-related challenges in the workplace.

By actively commemorating International Women's Day, the Bank of Zambia positions itself as a champion of gender inclusion in the financial sector

Looking ahead, the Bank is committed to fostering ongoing conversations about gender equality through various platforms, including panel discussions, Pitstop sessions, and fun-themed events. We urge everyone to join the movement and actively contribute to advancing equality for all.



# THE STORY BEHIND THE HERITAGE SERIES

By Raphael Phiri



## Introduction

The Bank on the 31st of March 2025 launched the new series of banknotes and coins. The series called Heritage Series celebrates the country's unique flora and fauna, and a number of our waterfalls that have in the past not been given the relevant prominence and, in most instances, only known by a few that had the opportunity of visiting the parts of the country where these waterfalls existed. As for most of the animals, the significance of their actual relationship with our country has been little understood. Hence the selection of most of the features on our banknotes and coins may require some explanation to show the level of endemism that in all instances guided the artistic impressions of the theme.

## Currency Design

The artistic design of currencies in almost all jurisdictions follow a well-defined theme that tells a story of a particular country. These themes can range from its people's history, culture(s), national heroes or even villains, landscapes, plants, animals, economic pillars etc. It is also noteworthy that themes can change over time depending on what a nation wishes to celebrate at a particular

<sup>1</sup> Design of banknotes has both the artistic side and the origination part. In the context of this writeup, we shall refer to design as artwork in pictorial form.

moment. Issuance of currency can also be themed based on a specific event that you may wish to celebrate and commemorate. In such an instance, commemorative series can be issued. These could be both circulating or non circulating.

The theme for the Heritage Series is inspired by our flora and fauna that is mostly endemic to Zambia and natural features such as our waterfalls. These we explain in our next section.

## Features for the Kwacha

Features have been carefully chosen and placed on specific sides of the currency and in specific locations for ease of identification so that as a people, we can tell the story in a manner that is consistent and coherent with respect to the design. This is a way in which the banknote

or even coin can represent itself as a post card for the country.

**Front Side:** the front of all banknotes has the African Fish Eagle as the main Motif. The different banknotes also have one of the economic pillars in pictorial form in the centre of the banknote in a colour different from the dominant colour of the banknote but representing the colour of the next banknote in the series, and a specific flower representing our flora which has been used as a see-through feature. The flower is a part of the flora that has been identified to represent some of the unique species of Zambia that may also be occurring elsewhere but have some symbolic value for the nation.

**Back side:** The back side of each banknote has at the centre one of the animals of significance and a unique waterfall in the background in a





colour different from the banknote's dominant colour, a tree on the left-bottom side and a family of the big five animals on the five highest denominations. The animals represent the fauna from the thematic side.

A description of features for each denomination is as below:

**K10:** The front of the Ten Kwacha banknote has the Kariba dam in the centre representing the Energy economic pillar. The Kariba dam apart from being one of the main sources of hydro power, is also a tourist attraction creating the largest man-made lake in the world covering an area of 5580 Km<sup>2</sup> and a length of about 220 Km.

The Bougainvillea is the flower represented on this denomination representing some of the Zambian flora. The bougainvillea is Zambia's national flower. It is the floral emblem of Zambia, with its vibrance representing the nation's values and traditions.

The back side of the banknotes has the Kabwelume falls and the Pangolins representing the waterfalls and fauna respectively.

This waterfall is on the Kalungwishi River in the Northern Province. It is about 6Km downstream from the Lumangwe falls and locals believe that these falls are the home of a snake spirit that lives under the rainbow which is in view at any time of day.

The Pangolins also known as scaly ant eaters are the world's most trafficked mammals. Zambia is home to two species of the pangolin, the Temminck's ground pangolin and the white-bellied or tree pangolin. Conservation of this endangered species is very important and hence showcasing this animal on our K10 banknote.

**K20:** The Twenty Kwacha banknote has Agriculture as the economic pillar represented by the tractor on the front side of the banknote. Agriculture plays a vital role in the Zambian economy, contributing to GDP, employment, and export earnings. It employs over 70 percent of the workforce which represents a significant portion of the labour market. This is one of the sectors the Government is actively working to increase productivity, promote diversification, and improve market access.

The *Monadenium Mafingensis* is the flower represented on this denomination. As the name suggests, this flower's original habitat is the Mafinga Hills on the Zambia -Malawi border. It is a geophyte<sup>2</sup> with a tuberous rootstock. The underground storage structures protect the plant's buds from unfavourable environmental conditions, allowing the plant to survive and thrive even when conditions are not ideal. As an endemic plant, it is showcased as part of our flora.

The back side of the K20 showcases the Chishimba Falls that are located in the northern circuit of Zambia, thirty-three kilometres outside Kasama along the road to Mporokoso. It is fed by the Luombe River, and is a combination of three successive falls, incorporating Mutumena Falls and Kaela Rapids and the Chishimba itself.

Legend has it that, the three sites were named after a couple and their son-in-law who all committed suicide by jumping into the waterfalls at different points. On the fateful day, a man called Mutumuna was having his Chilanga mulilo (Traditional Marriage). After receiving his chilanga mulilo, Mutumuna went on a drinking spree in a nearby village.

The father-in-law, Chishimba killed himself first by jumping into the Chishimba falls after being insulted by his son in law Mutumuna who had just returned from his drinking spree. Mutumuna was angry because someone had eaten the "Shibwinga's food" delivered by the bride's family during the traditional process of chilanga mulilo.

Kaela, who was the wife to Chishimba then took a walk and killed herself in the Kaela Rapids after she heard the news of her husband's death.

When Mutumuna heard of what had happened to his in laws, he also took a walk down to what is now called Mutumuna Falls and killed himself.<sup>3</sup>

<sup>2</sup> It is a plant that stores energy and water in underground structures, like bulbs, corms, rhizomes, or tubers

<sup>3</sup> Source, Zambia Tourism Post

The black lechwe are also shown at the back of the K20. These are endemic species only found in the Wetlands of the Bangweulu Plains. These have been prone to poaching and are also endangered species requiring conservation effort. They have been listed as “Vulnerable” on the International Union for the Conservation of Nature’s Red list. Historic reports indicate that they once numbered around half-a-million as recently as 60 years ago but decreased to around 16,000 in the early 2000s.

**K50:** The front of the Fifty Kwacha banknote has a Large Dump Truck that representing the Mining Economic pillar. Zambia’s mining sector, particularly copper, is a major economic driver. The sector is a major contributor to export earnings in the country with copper accounting for 70% of Zambia’s export earnings. Zambia also produces significant amounts of emeralds and other minerals, including gold, cobalt, and industrial minerals.

The endemic flower on this banknote is the *Polystachya Mafingensis*. This is also native to the Mafinga Mountains on the Zambia-Malawi border. It grows on shrubs and trees and

occasionally on rocks.

The back of the banknote has the Lumangwe Falls which is on the Kalungwish River located between the Luapula and Northern Provinces. It is the largest waterfall wholly within the country, with a height of 30-40m and a width of 100-160m.

The Black-cheeked Love birds represent the fauna on the K50. These are one of the rarest species of parrots in Africa with as few as 2500 found in the wild. It is endemic to a relatively small area of southwest Zambia. They are listed as vulnerable due to habitat loss. A family of rhinoceros are also depicted as a part of the big five on the bottom left.

The Baobab tree (*Mubuyu*) is also depicted as part of Zambian flora. Baobab trees are a prominent feature of the Zambian landscape, particularly in the South Luangwa and Lower Zambezi regions, known for their massive size, longevity, and diverse uses in Zambian culture and traditional medicine. Local legends says the baobabs were too proud, so the gods became angry and uprooted them and threw them back into the ground upside-down. They are sometimes referred to as the upside-

down tree.

**K100:** The front side of the One Hundred Kwacha depicts the Victoria Falls also known as Mosi-o-Tunya or Shungu Namutitima (the smoke that thunders or boiling water) is depicted as the economic pillar representing tourism. It is the most identifiable tourist attraction for Zambia and hence its place as the representation of tourism. As one of the largest waterfalls in the world, it is considered as one of the Seven Natural Wonders of the World. The falls are known for their immense width and height, plunging over a 100-meter drop into a dramatic gorge.

The *Buchnera Hispida* is the flower depicted on the front of the banknote. It’s native to various parts of Africa, including Zambia, and is used for medicinal purposes and as a dye source for local communities.

The back of the K100 banknote has the Sioma Falls. The Sioma Falls, are situated approximately 60kms upstream of Kabula, were first discovered by David Livingstone when he travelled northwards from Botswana. It was during his time at Sioma that the locals informed him



of an even larger waterfall to the south. It is this chance encounter that resulted in David Livingstone venturing south along the east bank of the Zambezi where, as with the Sioma Falls, he was the first European to see the mighty Mosi-oa-Tunya.

The fauna depiction for this denomination is the Thornicroft Giraffe. Thornicroft's giraffe is also known as the Rhodesian giraffe or Luangwa giraffe and is a rare subspecies of giraffe. It is geographically isolated, occurring only in Zambia's South Luangwa Valley. We celebrate this Giraffe on our K100 as an endemic species only found here in Zambia. A family of Leopards is also depicted as a part of the big five on this denomination.

The Mukuyu Tree is showcased on the left side of the back. The Mukuyu, also known as the Sycamore fig, is widespread, particularly in Zambia and Kenya. It's a large, long-lived tree with a spreading crown and smooth, yellowish-grey bark. The Mukuyu tree is valuable for its shade, honey production, and the various uses of its wood and roots, such as weaving, construction, and making musical instruments. In Zambia the most famous Mukuyu Tree located in Kabwe is a Heritage Site. It is believed to have been a gathering place for early traders and explorers during the late 19th century. It represented a meeting point for travellers and locals alike, especially during Kabwe's time as a mining and transportation hub. The Kikuyu people of Kenya believe it can receive messages from ancestors.

**K200:** The front of the Two Hundred Kwacha banknote has the Kazungula bridge which represents Transport, Trade and Commerce. Trade is the economic mainstay for a number of the citizens and transcends the borders of Zambia. Whilst it primarily connects Zambia and Botswana, its location is a meeting point of four countries within the region that include Zimbabwe and Namibia. It is thus a representation of cross border trade connectivity and, trade and commerce.



The endemic flower is the *Crabbea* Zambiana. *Crabbea Zambiana* has either no stem or has a stem beneath the ground and is a perennial herb native to Zambia. The plant has a flowering time of February to April and is typically found in miombo woodland and dry riverine forest with the small leaves of some species of *Crabbea* being used as a food source in some cultures.

The back of the K200 has the Kalambo Falls depicted in the central feature. The Kalambo Falls is the second deepest waterfall in Africa and the deepest single drop waterfall. Evidence of one of the longest examples of human occupation in sub-Saharan Africa was found here, and the collected stone

tools and wooden artifacts of one of the world's earliest civilisations were also recorded at the Kalambo Falls. It is also a UNESCO Heritage Site.

The Black Rhinoceros is the representation of fauna on the K200. It is an endangered species requiring conservation to prevent extinction. Today, the only place to see black rhinos in Zambia is in North Luangwa National Park. A family of African Elephants is depicted as a part of the Big Five on this denomination.

As a part of the flora, The Ing'ombe Ilede Tree, a national heritage site is depicted on the K200. Ing'ombe Ilede is an archaeological site in the southern part of Zambia, that is believed to have been a commercial

site or principality thriving in the 13th to 15th centuries. The site, named “sleeping cow” is located near the confluence of the Zambezi and Lusitu rivers, near Siavonga It is also known for its role in salt trade and its connections with the Monomotapa Empire.

**K500:** The front of the Five Hundred Kwacha banknote has the Offices of the Bank of Zambia Head Office representing the Financial Sector as an economic pillar. The *Criscianthus Zambienesis* is the endemic flower representing flora shown as both the see-through and latent image. It is an endangered native plant confined mostly in the northern parts of Zambia and Malawi.

The back of the K500 has the mighty Victoria Falls as part of the depiction of the Zambian waterfalls. It is the world’s largest sheet of falling water. Zambia is home to the Cape buffalo, also known as the African savanna buffalo. This is the fauna

representation on the K500. It is found in various habitats, and are a significant part of Zambian wildlife, with large populations in the Luangwa Valley and Liuwa Plain National Park. The Family of Lions represents the big five on this banknote.

The Acacia Tree also known as Mimosa is part of the flora on the backside of the K500. In Zambia, Acacia trees are prevalent and come in various species, including *Acacia nilotica*, *Acacia galpinii*, and *Acacia karroo*. They are thorny and are adapted to different habitats, including woodlands and grasslands. They have a number of uses and good for soil health and can be used as medicine to reduce cholesterol levels and to help increase weight loss. It is also used as a pharmaceutical ingredient.

#### General Series Information

The series was designed to serve a number of purposes. As a public product, the currency needs to be

usable by different demographics of the population. Care was taken to ensure that different members of society were catered for. This is evidenced in the sizing of the banknote, to ensure that even sectors of society that cannot read or write are able to identify the notes through distinction of size. The colour differentiation is also one characteristic that is used by this sector of the population. Sizes and the improved tactile marks are also an important feature for the visually impaired. Greater independence in the use of money is one of the objectives that had to be achieved. The coins equally also have these differentiating characteristics to assist different members of the public. Edge serrations and size also work well as an aid for the visually impaired. We hope with this new series that represents our flora, fauna and natural sites, the currency will meet the needs of the larger sector of our society.



# HISTORY OF ZAMBIAN CURRENCY

**T**he Zambian Kwacha is a decimal type of currency with K1 being made up 100 ngwee. Before Zambia's independence in 1964, the country then known as Northern Rhodesia used the British pound as legal tender before migrating to the Kwacha in 1965. The Currency Act of 1967 completely replaced the British pound with the Zambian Kwacha banknotes and the ngwee coins.

The New Kwacha was then denominated into six denominations; namely; K10, K2, 50N, 20N, 10N and 5N denominations. Since 1967 the Kwacha has undergone several structural changes aimed at ensuring that it supports economic activities while maintaining public confidence in the national currency. Some of the notable changes include the following:

## **i. The Currency Structure of 1968-1974**

The Zambian Kwacha came into being after a government policy decision to decimalise the national currency. The Currency Act of 1967 saw the birth of the Zambian Kwacha and ngwee replacing the Zambian pound,

shilling and pence in 1968. The new currency designated the main unit as the Kwacha comprising of 100 ngwee and had the following banknotes and coins in its family: K1, K2, K10 and K20 banknotes and 50 ngwee, 20 ngwee, 10 ngwee, 5 ngwee 2 ngwee and 1 ngwee in coins. The official rate of the Kwacha was one half of the old unit (pound) and or US\$1.40. The new K1 was equivalent to the old 10s, while the £5 (Five pound) banknote was equivalent to the K10, the £1 was equivalent to the K2 and the old 5s was replaced by the newly introduced 50 ngwee paper note.

In coinage the old 2s piece was replaced by a 20 ngwee while the 1s and 6d were replaced by the 10 ngwee and 5 ngwee, respectively.

The Zambian Kwacha continued to be linked to both the British pound and the United States dollar and as such the devaluation of the US dollar on 15th August 1971 saw the Kwacha appreciate through its link with the British Pound (on 23rd August 1971). The rate of the Kwacha was then fixed at K1.7094 being equivalent to £1.00. In December 1971, Zambia broke her currency ties with the British pound. The Kwacha was then linked to the

US dollar, re-establishing the official exchange rate at K1 equivalent to US\$1.40. The devaluation of US dollar in February 1973 saw the Kwacha's gold reserves reduced by 7.89 percent. To cushion such shocks, the Bank of Zambia introduced a 4.5 percent fluctuation range for the Kwacha. During this period, the Zambian pound circulated alongside the Zambian Kwacha until 31st January 1974, when the withdrawal process was completed and the sole legal tender became the Kwacha and ngwee.

## **ii. The Currency Structure of 1973-1974**

Zambia political landscape changed and gave birth to the "One Party Participatory Democracy in 1973". To commemorate this historic event in Zambia's political history the Bank of Zambia issued a commemorative 50 Ngwee coin to join the rest of the nation in celebrating the birth of the Second Republic on 13th December 1973. Other currency changes included changing the colour of the 50 Ngwee banknote in order to eliminate the confusion that appeared to exist between the 50 Ngwee banknotes and the new K5 banknotes; hence the multi-coloured 50 Ngwee banknote made its first appearance in April 1974 but was later phased out of circulation.

During this period the Zambian Kwacha depreciated marginally against the US dollar with the official exchange rate at K1 equivalent to



approximately US\$1.28. By the late 1970s, the Kwacha had depreciated further and was below USD\$1.

### iii. The Currency Structure of 1980

The currency structure in 1980 remained the same with the highest denomination still being the K20. However, there was a change in the design of all the banknotes in 1980. By 1980, the 50 Ngwee paper note had been completely withdrawn from circulation.

### iv. The Currency Structure of 1986-1991

Low copper prices and continued increased fuel prices on the world market were some of the major contributing factors to the declining economy. Inflation from the mid 1980s to the early 1990s continued to gallop at 3 digits. In order to meet the public demand for cash in the economy, it was necessary to introduce a higher

banknote and in 1986 the Bank of Zambia issued into circulation the K50 denomination. In 1991, the K100 and K500 banknotes were added to the family of banknotes. During this period the K1 was replaced with a coin of the same denomination while the K2 paper note ceased to exist and was eventually withdrawn from circulation.

### v. The Currency Structure of 1992

In the early 1990s, Zambia's political landscape changed yet again with the country holding its first multiparty elections in October, 1991. The advent of multiparty politics ushered in the Third Republic and an era of economic liberalisation. Under the new liberalised economy, the government made policy decision that led to the changing of the features of the Zambian currency from bearing the portrait of the Head of State to the current features which bear the famous Fish eagle and other

important national monuments, wildlife and bird life that characterize the rich culture and heritage of the Zambian people. Apart from changing the appearance of the banknotes, there were no additions to the family of banknotes. However, other changes included the replacement of the K5 and K10 paper notes with coins in the same denomination. Smaller denominations of coins were slowly disappearing from circulation and thus the lowest coin in circulation was the newly introduced 25 Ngwee. As inflation levels continued to remain high, the members of the public did not readily accept coins given their diminishing purchasing power and this resulted in increased public demand for banknotes.

### vi. The Currency Structure of 1996

As inflation remained relatively high and the demand for cash in the economy began to increase, the Bank of Zambia further introduced three banknotes in May 1996 namely; the K1,000, K5,000 and K10,000. Continued poor economic performance with annual GDP growth averaging 2 - 4 percent in the late 1990s contributed to the public's loss of confidence in other forms of formal payment instruments such as cheques further increasing the public's heavy reliance on cash for many of its transactions. This led to an exponential increase in currency in circulation (CIC) during the same period from K65.4 billion in 1994 to K671 billion in 2003 (i.e. representing a 926 percent increase).

During the mid-1990s the Kwacha's depreciation against the US dollar had worsened with approximately K1,000 equivalent to US\$1.

### vii. The Currency Structure of 2003

In 2003, as a reaction to the increased demand for banknotes for daily transactions, the Bank of Zambia introduced two more denominations to the family of the Zambian currency i.e. the K20, 000 and K50, 000. The family of Zambian currency now had nine (9) banknotes; namely; the K20, K50, K100, K500, K1, 000, K5, 000,



K10, 000, K20, 000 and K50, 000. The K20, 000 and K50, 000 were introduced as high value notes in September 2003. In coinage, though not in circulation, there were five (5) denominations as follows: 25ngwee, 50ngwee, K1, K5 and K10. In addition to the two new denominations, The Bank introduced two polymer banknotes in the K1000 and K500 denominations. The change in substrate was intended to extend the circulation lifespan of these two high velocity banknotes. This family of banknotes was in circulation until 2013.



### viii. The Currency Rebasing Project of 2013

The Government of the Republic of Zambia approved the recommendation of the Bank of Zambia Board to re-denominate the national currency on 23rd January 2012.

The old family of the Zambian currency was characterised by high denominations as a consequence of high inflation rates experienced over a long period of time. Zambia experienced high levels of inflation during the 1990s and early 2000 which peaked at 188.0% in 1993.

The objective of re-denominating the Zambian Kwacha was, therefore, mainly to address costs associated with an accumulated loss in value of the currency that undermined its basic function as a store of value, medium of exchange and measure of value.

The Currency Rebasing exercise entailed dividing all denominational values by a denominator (1,000) and this resulted in the replacement of all Zambian banknotes and coins in circulation with the rebased currency. The Bank introduced two (2) K100 and K2 banknotes to the family of the Zambian currency. The current family comprises six (6) banknotes (K100, K50, K20, K10, K5 & K2) and four (4) coins (K1, 50N, 10N & 5N). The Bank generally maintained the features of the old currency on the rebased currency.

### Reasons for Rebasing the Zambian Currency

The Zambian Government approved the recommendation to rebase its currency because of the need to address costs associated with the accumulated loss in value of currency arising from high inflation rates over a prolonged period of time. The high levels of inflation resulted in:

- Inconveniences and risks inherent in carrying large sums of money for transactions;
- Increased difficulties in maintaining book-keeping and statistical records and ensuring compatibility with data processing software;
- Higher costs on the payments system, particularly the delivery of banking services through a greater use of technology.

### Benefits of Rebasing the Zambian Currency

Rebasing the currency resulted in a number of benefits including;

- Facilitating easier business transactions because it leads to the use of smaller units of money. It simplifies accounting and the ease of expressing monetary values, thereby minimizing errors associated with the inputting of financial data and time spent to review such data. It achieves a more efficient use of calculation and accounting record systems. Thus, rebasing simplify book-keeping and reduces the drudgery in transactions, record keeping and banking transactions.
- Creating greater confidence in the currency. When there are many zeros or digits, people may lose confidence in the local currency.
- Reduction in the cost often incurred when customizing standard packages that are purchased by entities. This is because most of the current accounting packages are developed in jurisdictions where values, at a maximum, tend to be in millions. The present situation in Zambia, where organisations record values in billions and trillions of Kwacha, requires further customisation of such packages in order to widen data fields. Thus, currency rebasing will limit the extent of customization of standard application packages.
- Efficient payments systems and encouraging the use of mechanisms such as pay phones, vending machines, car parking meters and other related technologies.
- Re-introduction of a culture of using coins which are more durable. ■

# HISTORICAL SNAPSHOT



# MPC DECISIONS IN 2024: A YEAR OF BATTLING INFLATION

By Yanjanani Mlewa

Persistent inflationary pressures driven by food, energy prices and currency depreciation, necessitated a hardline monetary policy stance to steer inflation back towards the 6-8% target band.

## 1. February 2024 Meeting

- **Decision:** Policy Rate **INCREASED** by 150 basis points
- **New Policy Rate:** 12.5%
- **Reasoning:**
  - **Inflation:** This was in response to escalating inflation (13.2% in January, up from 13.1% in December 2023)
  - **Aimed to:** Anchor inflation expectations
  - **Inflation Drivers:** The increased deviation from the band is driven primarily by the persistent depreciation of the exchange rate and the effects of adverse weather conditions on food prices.
  - **Upside Risks:** Weaker Kwacha, rising maize/fuel prices, geopolitical tensions.

## 2. May 2024 Meeting

- **Decision:** Policy Rate **INCREASED** by 100 basis points
- **New Policy Rate:** 13.5%
- **Reasoning:**
  - **Inflation:** Continued movement away from 6-8% target (April: 13.8%; Q1 average: 13.5%).
  - **Aimed to:** Contain persistent inflationary pressures (mostly via exchange rate) and address rising inflation expectations.
  - **Projected 2024 average inflation** at 13.7% (up from 12.9%).
  - **Inflation Drivers:** Persistent Kwacha depreciation; rising prices of food (maize, maize products, vegetables) and energy (fuel).
  - **Upside Risks:** Weaker Kwacha, rising maize/fuel prices, geopolitical tensions, prolonged tight global financial conditions.

## 3. August 2024 Meeting

- **Decision:** Policy Rate **MAINTAINED**
- **Policy Rate:** 13.5%
- **Reasoning:**
  - Judged current monetary policy stance appropriate despite elevated inflation.
  - Considered impact of drought and past policy rate increases.
  - Acknowledged upward adjustments in statutory reserve ratio and recent FX reforms.
- **Inflation Trends:**
  - Persistent pressures; July: 15.4%; Q2 average: 14.6%.
- **Inflation Drivers:** Persistent Kwacha depreciation; rising prices of food (maize, maize products, vegetables) and energy (fuel) due to constrained supply.
- **Upside Risks:** Extended electricity load management, geopolitical conflicts, tight global financial conditions.

## 4. November 2024 Meeting

- **Decision:** Policy Rate **INCREASED** by 50 basis points
- **New Policy Rate:** 14.0%
- **Reasoning:**
  - **Inflation:** Actual & projected inflation above 6-8% target (October: 15.7%, Q3 average: 15.5%).
  - **Aimed to:** Steer inflation back to target & anchor expectations.
- **Considerations:**
  - Complementary liquidity management measures.
  - Foreign exchange market reforms.
  - Fragility of economy due to drought.
  - Financial system stability.
- **Inflation Drivers:** Low supply of maize, fish, vegetables; increased demand for solid fuels (electricity load management); Kwacha depreciation.

# WHAT'S TRENDING

## NEWS FROM AROUND THE WORLD

### CENTRAL BANKS DRIVE GOLD'S COMEBACK AS GLOBAL SAFE HAVEN

By Prashant Nair – CBNC-Tv18



A new global gold rush is underway, but this time it's not being driven by consumers or private investors.

It's central banks, the most powerful financial institutions on the planet, that are hoarding gold at record levels.

The speed at which gold prices are rising has taken many by surprise. After taking nearly four decades to reach \$1,000 an ounce in 2008, gold doubled to \$2,000 by 2020. But the latest jump—from \$2,500 to \$3,000—happened in just 210 days, a sign that the metal's appeal is intensifying rapidly.

Analysts at JP Morgan describe gold's evolving role over the past 50 years as moving through three key phases: first as a hedge against inflation from the 1970s to 1990s, then as a counterbalance to real US bond yields from 2000 to 2021, and now as a geopolitical safe haven. Today, gold

is less about inflation or interest rates and more about shielding against the risks of holding foreign reserves in dollars or euros.

This shift began in earnest after 2022, when the US and its allies froze \$300 billion worth of Russia's foreign reserves

That decision shook many countries, prompting fears that paper currencies were no longer politically neutral.

Since then, central banks have rushed to build their gold reserves, increasingly treating the metal as a form of financial self-defence.

The change in America's global posture is also playing a role. With Washington pulling back from international alliances and leaning more heavily into sanctions under a renewed Trump presidency, many countries are looking to reduce their dependence on the US dollar.

Diversifying into gold has become a common strategy.

As a result, central bank gold buying has exploded. They used to buy about 400 tonnes a year. In 2022, they purchased over 1,080 tonnes—the highest on record at the time. That momentum has continued, with more than 1,000 tonnes bought annually in both 2023 and 2024. Today, central banks hold about 36,000 tonnes of gold, which now makes up nearly 18% of their total reserves—up from 15% just a year ago.

At the same time, the supply of new gold is not keeping up. Global mining output has remained flat since 2018, held back by lower-quality ore, higher extraction costs, and tighter environmental regulations.

This imbalance between rising demand and stagnant supply is helping to push prices even higher.

# BIS AND CENTRAL BANKS PROVE FX SETTLEMENT SYNC ACROSS RTGS SYSTEMS

By Fintechnews Switzerland

*Project Meridian FX showcases how distributed ledger technology can reduce settlement risks and enhance cross-border payment efficiency.*



The Bank for International Settlements (BIS), in collaboration with its central bank partners, has successfully demonstrated how wholesale payment infrastructures, such as Real-Time Gross Settlement (RTGS) systems, can interoperate for foreign exchange (FX) transactions through the use of new technologies.

The initiative focused on synchronising the settlement of FX transactions using distributed ledger technology (DLT), ensuring that the transfer of one leg of the transaction (e.g., purchasing a currency) takes place only if the other leg (e.g., selling another currency) is also executed.

Dubbed Meridian FX, the project sought to address several objectives outlined in the G20's roadmap for enhancing cross-border payments.

These included reducing foreign exchange settlement risk through payment-versus-payment mechanisms, and establishing viable links between the wholesale payment systems of different jurisdictions.

Synchronisation also has the potential to mitigate liquidity and credit risks often associated with FX markets.

The project linked a synthetic version of the UK's RTGS system

with three experimental Eurosystem interoperability solutions: DL3S (developed by the Banque de France), TIPS Hash-Link (from the Banca d'Italia), and the Trigger Solution (created by the Deutsche Bundesbank).

In conjunction with previous work by the BIS and the Bank of England, Meridian FX demonstrates that synchronisation can be "agnostic to both the asset or fund of the transaction involved and the technology of the ledgers," underlining its possible application across other financial markets.

# SAN SALVADOR CONSENSUS ON RESPONSIBLE FINANCIAL INNOVATION



## SAN SALVADOR CONSENSUS ON RESPONSIBLE FINANCIAL INNOVATION

WWW.AFI-GLOBAL.ORG



### I. INTRODUCTION

Responsible financial innovation involves creating and implementing new financial products, channels, and sustainable financial solutions, complemented by financial education, in order to achieve the following key objectives:

#### ▪ **Equitable Access and Usage:**

Developing financial products and services that ensure fair access for all, particularly underserved groups such as women, youth, people with disabilities, elderly, people in rural areas, forcibly displaced persons, small businesses, and those most vulnerable to the effects of climate change. This includes enabling these groups to effectively use financial services to enhance their financial well-being.

▪ **Consumer Protection: Prioritising** the protection of consumers by implementing robust risk management practices, identifying and mitigating risks associated with new financial products and technologies, ensuring transparency in financial transactions, safeguarding consumer data and privacy and empowering consumers to make informed financial decisions.

#### ▪ **Resilient and Inclusive Digital**

**Infrastructure:** Emphasizing the development and maintenance of robust and accessible digital infrastructure and a modern and wide-ranging coverage that securely and efficiently delivers and safeguards financial services. This includes mitigating cyber threats and ensuring continuous access to financial services, especially during disruptions.

Responsible financial innovation aims to achieve positive social and economic outcomes by broadening access to financial services, safeguarding consumers from risks, and establishing resilient digital frameworks that support inclusive and sustainable financial ecosystems.

Data-backed decision making based on continuous monitoring and evaluation are essential to assess the impact, identify areas for improvement, and ensure that innovations remain aligned with their intended goals.

### II. OBJECTIVE OF THE SAN SALVADOR CONSENSUS

The San Salvador Consensus on Responsible Financial Innovation aims to bring together AFI members





the importance of responsible and inclusive innovation in advancing financial inclusion. It promotes policies and practices that ensure innovations benefit all segments of society, including disadvantaged groups such as women and the youth. This aligns closely with the principles of responsible financial innovation by advocating for equitable access and ensuring consumer protection.

**Policy Model on Consumer Protection for Digital Financial Services (CP4DFS):** Provides guidelines for ensuring consumer protection in the context of digital financial services. It outlines practices such as transparency, fair treatment, and data privacy protections to safeguard consumers' interests. Implementing such policies is essential for responsible financial innovation as it mitigates risks associated with digital financial services and builds trust among users.

These Accords and Policy Model contribute to the framework of responsible financial innovation by advocating for inclusive access to financial services, promoting consumer protection, and establishing robust regulatory frameworks to support sustainable financial ecosystems.

While these Accords and Policy Model are member-driven, the pivotal role of public-private partnerships in achieving these objectives by

combining resources, expertise, and innovative capabilities from both sectors, cannot be overstated.

#### IV. KEY COMMITMENTS

These key commitments outline a comprehensive framework for responsible financial innovation.

AFI members hereby affirm the significance of each commitment under this consensus, as essential for fostering an inclusive, responsible, interoperable and supportive financial innovation environment:

##### A. Consumer Protection

• **Implementation of Robust Frameworks:** Ensuring that consumer protection frameworks evolve alongside digital financial innovations,

addressing biases and ensuring fair access to financial services. This involves regular updates to policies to address emerging risks and challenges in the digital financial landscape.

• **Market Conduct Supervision:** Adapting supervision mechanisms to oversee digital financial services, preventing misconduct and ensuring fair treatment of consumers promptly and effectively.

##### B. Financial Capability and Digital Literacy:

• **Initiatives for Vulnerable Segments:** Design financial education initiatives that incorporate sustainability, gender and digital financial innovation as cross-cutting themes in order to provide resilience in the face of any disruptions and emerging challenges. These initiatives should be tailored to the specific needs of different demographic groups.

• **Collaborative Efforts:** Partnering with stakeholders to design and implement effective educational initiatives that bridge the digital literacy gap.

• **Data Collection:** Development of regulations, data governance strategies and platforms that allow the collection of results' data from implemented financial education



initiatives. This data should be used to refine and improve ongoing and future initiatives.

### C. Customer-Centric Approach and Strengthening Risk Management:

- **Policymaking and Development:** Centering on customer needs and feedback to enhance the design and usability of financial products and services.
  - **Inclusive Design:** Ensuring accessibility, interoperability, and usability for all consumers, including those from diverse backgrounds. This includes designing products that are easy to use for people with different levels of digital literacy.
  - **Governance and Risk Mitigation Practices in AML/CFT areas:** Encouraging robust risk management practices to mitigate potential risks associated with financial innovations, including AML/CFT risks thereby safeguarding consumers and the financial system.
- ### D. Data Protection, Privacy, and Security:
- **Cybersecurity Measures:** Implementing stringent cybersecurity measures to protect personal and financial data of consumers, including regular security audits and adopting (where appropriate) the best security technologies and approaches.
  - **Privacy Measures:** Promote best practice and ensure compliance

with data privacy and protection regulations to uphold customer privacy. This involves creating transparent data policies and ensuring consumers are aware of their rights.

### E. Innovation for Impact:

- **Scalability and Replicability:** Focus on innovations that can be scaled and replicated to maximise wider positive economic and social impact.
  - **Empowerment and Poverty Reduction:** Evaluating innovations based on their potential to empower individuals economically, bring about digital, financial and economic inclusion and contribute to poverty reduction.
  - **Promoting a digitally savvy and enabled workforce:** Promoting responsible innovation should be complemented by equipping the workforce with the necessary skills to prevent widening skills gap
- ### F. Dialogue and Collaboration:
- **Customer Engagement:** Actively engaging with customers, industry and other key actors to understand their perspectives and needs.
  - **Stakeholder Collaboration:** Collaborating with regulators and industry stakeholders to foster a cooperative environment for responsible financial innovation and for the development of digital enablers.

### G. Technology, Business Model Neutrality and Diversity of Approaches:

- **Technology-Neutral Approach:** Encouraging innovation that does not favour specific technologies or business models, promoting fair competition and innovation diversity.
- **Contextual Relevance:** Promoting financial innovations that are tailored to local contexts, acknowledging regional differences and needs.
- **Fostering an adaptive regulatory environment:** Ensuring that regulations remain adaptive and proportionate in facilitating responsible innovations.

### H. RegTech and SupTech Tools:

- **Technological Tools:** Leveraging RegTech (regulatory technology) and SupTech (supervisory technology) to enhance regulatory efficiency, monitor risks, and improve customer service and oversight.

### I. Environmental Sustainability:

- **Green Financial Products:** Continuously advocating and encouraging the development and promotion of financial products and services that support environmental sustainability and climate resilience.
- **Sustainable Practices:** Encouraging financial institutions and industry to adopt and champion innovative sustainable practices in their operations and financial product design.

These commitments collectively strive to create an environment where financial innovation is inclusive, responsible, sustainable, and enhances consumer welfare and economic development. Effective implementation of these principles requires collaboration among regulators, industry participants, and other stakeholders to ensure that the outcomes are sustainable and beneficial for everyone. ■



# SAVINGS GROUPS IN ZAMBIA: UNLOCKING THE POTENTIAL FOR FINANCIAL INCLUSION

By Kennedy Mukuka



While Zambia has made significant strides in financial inclusion, barriers persist, particularly in rural areas. Savings Groups (SGs) have emerged as a critical bridge between formal and informal financial systems, these are community-based financial organisations that allow members to pool resources, save collectively, and access small loans. They offer a pathway to economic empowerment for underserved communities. However, challenges such as limited financial literacy, lack of access to formal financial services, and environmental risks hinder their effectiveness and scalability. SGs remain unregulated in Zambia, operating informally within the financial sector. In September

2020, the Bank of Zambia issued a circular to clarify its position on SGs, emphasizing their role in financial inclusion and linkage to the formal financial system.

Financial inclusion has been a strategic priority for the Bank since 2016, with efforts focused on developing financial infrastructure, promoting financial literacy, and fostering linkages between underserved groups and financial service providers. In 2023, the Bank supported a geospatial mapping exercise of SGs by Financial Sector Deepening (FSD) Zambia and SaveNet Zambia in three provinces — Eastern, Copperbelt, and Central. This exercise aimed to map and analyse the landscape of SGs, identify their geographical distribution, financial activities, and challenges, and provide actionable insights to strengthen their impact on underserved communities, particularly women and rural populations. The findings were disseminated on 12 February 2025, highlighting the transformative potential of SGs.

During the third and fourth quarters of 2024, the Bank of Zambia circulated a questionnaire to commercial banks to understand

their product offerings to SGs and the challenges they face in serving this client type. Findings from both the supply-side and demand-side geospatial census indicate that SGs play a critical role in promoting financial inclusion, particularly in underserved and rural communities. However, opportunities and challenges in the relationship between banks and SGs remain, necessitating urgent attention. This article explores the findings of the surveys, highlighting key insights, challenges, and opportunities for banks and regulators to better serve this market segment.

## Demographics and Account Usage

Savings Groups who hold accounts with commercial banks exhibit a balanced gender distribution, with 52% of members being female and 48% male. Among these members, 45% maintain individual accounts with the same bank where their SG operates. On average, an SG consists of 15 to 27 members, with account balances typically ranging from K13,000 to K37,500. Transaction patterns within SGs are evenly split, with 50% occurring monthly and the remaining 50% bi-weekly. However, the census indicated that SGs were mostly in rural areas, where access to formal banking services is limited. According to the SG Census, 85% of SGs operate in rural areas, with the Eastern Province hosting 52% of these groups. Women play a transformative role in SGs, constituting 87% of members and 84% of leaders, highlighting their potential to empower marginalised communities.

## Financial Performance of Savings Groups

SGs in Zambia have collectively saved ZMW 50.5 million, with an average of ZMW 29,000 per group. They have disbursed ZMW 27.5 million in loans, averaging ZMW 16,000 per group. Social funds, used for emergencies



Source - Global Communities

Location	Income generation	Socio economic	Infrastructure development	School fees	Use to smoothen consumption	Other uses
<b>Uses of Savings by Province</b>						
Central	20%	2%	9%	10%	9%	1%
Copperbelt	25%	1%	4%	6%	3%	1%
Eastern	48%	8%	22%	24%	16%	0%
<b>Total</b>	<b>94%</b>	<b>11%</b>	<b>35%</b>	<b>39%</b>	<b>29%</b>	<b>1%</b>
<b>Uses of Savings by Region</b>						
Peri-Urban	6%	1%	3%	4%	3%	0%
Rural	80%	10%	28%	31%	22%	1%
Urban	8%	0%	4%	4%	3%	0%
<b>Total</b>	<b>94%</b>	<b>11%</b>	<b>35%</b>	<b>39%</b>	<b>29%</b>	<b>1%</b>

or community projects, amount to ZMW 2.4 million. However, only 13% of SGs have opened bank accounts, and just 11% use mobile money services, indicating a significant gap in linking SGs to formal financial systems.

### **Savings Group Products and Market Penetration**

Currently, only 25% of banks offer products specifically tailored to SGs, and these products account for less than 5% of their overall portfolio. Despite this limited presence, 66% of banks view SGs as a potential target market, indicating significant room for growth and opportunity. Some banks have introduced training programmes covering basic bookkeeping, saving strategies, and budgeting. However, delivering financial education remains challenging due to geographical dispersion, language barriers, and low financial literacy levels among members.

### **Account Opening Requirements**

Commercial banks require SGs to provide identification documents for administrators, a constitution approving the nomination of administrators, a completed account opening form, proof of address, National Registration Cards (NRCs) for members, and Taxpayer Identification Numbers (TPINs). These requirements, particularly proof of address and TPINs, are often cited as barriers due to the complexity and lack of accessibility in rural areas, hindering SGs from fully engaging with formal banking services.

### **Training and Financial Education**

Some banks have introduced training programmes to support SGs, covering topics such as basic bookkeeping,

saving strategies, and financial planning. However, delivering these programmes remains challenging due to the geographical spread of members, language barriers, and low financial literacy levels.

### **Challenges**

SGs face significant challenges in accessing bank services, including excessive KYC requirements, language barriers, poor infrastructure, low financial literacy, and regulatory and compliance issues. Banks, on the other hand, struggle with verifying the source of funds, addressing documentation issues, and overcoming technology adoption barriers.

### **Opportunities for Banks**

Banks recognise significant opportunities in serving SGs, including market expansion, financial inclusion, and the use of digital solutions to address operational challenges. Product innovation tailored to SGs, community engagement, and leveraging data insights for economic empowerment are also key areas of potential growth.

### **Regulatory Support Needed by Banks**

Banks have called for support from the Bank of Zambia, including incentives for innovation, investment in data collection and research, simplified KYC requirements, financial literacy training, and awareness campaigns. Regulatory interventions such as tax waivers on digital gadgets, the creation of USSD short codes for SGs, and the formalisation of informal groups with minimal KYC requirements are also recommended.

### **Opportunities for Growth and Impact**

To strengthen the impact of SGs, stakeholders must focus on capacity building, infrastructure improvement, policy advocacy, climate resilience, and gender-specific interventions. Training SG members in financial literacy and digital tools, enhancing access to financial infrastructure, formalising SGs through minimal KYC requirements, and introducing tailored insurance products are critical steps. Additionally, targeted programmes focusing on women's financial empowerment can amplify the transformative impact of SGs.

### **Conclusion**

Savings Groups hold significant promise as catalysts for financial inclusion and economic resilience in Zambia. With 85% of SGs operating in rural areas and women dominating membership and leadership, these groups are uniquely positioned to empower underserved communities. However, challenges such as limited access to formal financial services, low digital adoption, and environmental risks must be addressed to unlock their full potential. By investing in capacity building, improving infrastructure, advocating for supportive policies, and designing gender-specific interventions, stakeholders can create an enabling environment for SGs to thrive. Savings Groups are not just a tool for financial inclusion but a pathway to a more inclusive and resilient economy for all Zambians. ■

*The author is Manager – Financial Inclusion*

# TOPICS ON FINANCIAL EDUCATION IN THE SCHOOL CURRICULUM

by **Kabinda Kawesha**



The National Strategy on Financial Education (NSFE) for Zambia is a programme that has been implemented since 2012, targeted at children, youths, adults, micro-small-and-medium enterprises (MSMEs), smallholder farmers, and the general public. Its objectives are to equip citizens with the knowledge, understanding, skills, motivation and confidence in money matters that they need to make financial decisions and take actions which are appropriate to their circumstances; and to secure positive financial outcomes for themselves and their families. By so doing, the NSFE supports the Sustainable Development Goals (SDGs), National Financial Inclusion Strategy and Vision 2030 of making Zambia a prosperous middle-income nation.

One of the milestones for children and youths that was achieved under the NSFE in 2017, was the integration of financial education in the primary and secondary school curriculum for learners in Grade 1 to 12. This goes a long way in ensuring that successive generations of school-going pupils are taught financial education from a young age. However, one frequent question that props up amongst parents and guardians in our communities evolves around wanting to know which subjects, and what types of financial education topics the children and youth are taught in school.

The answer to this lies in a scope-and-sequence methodology combined with different levels of graphics and text-content that experts developed to integrate financial education in the school curriculum. In education terms, a scope-and-sequence is a system which explains what content is to be taught in a subject; when it will be taught; the sequence in which it will be taught and the syllabus outcomes that will be addressed in the intended learning.

The scope-and-sequence to imbed contents of financial education in the primary and secondary school curriculum was therefore developed by experts from Ministry of Finance and National Planning (MoFNP), Ministry of Education (MoE), Ministry of Commerce, Curriculum Development Centre (CDC), Bank of Zambia (BoZ), Competition and Consumer Protection Commission (CCPC), Financial Sector Deepening Zambia (FSDZ), German Sparkassenstiftung (DSIK), Pensions and Insurance Authority (PIA), PfEG UK, Rural Finance Expansion Programme (RuFEP), Securities Exchange Commission (SEC) and Zambia Revenue Authority (ZRA), with the support of GIZ Germany. On this basis, financial education has been integrated in the primary and school curriculum to cover the following four (4) broad themes of - how to manage money, becoming a

critical consumer, managing risk and emotion, and how finances influence people's lives. These themes are covered in a range of topics in the school subjects of - Expressive Arts, Social Studies, Business Studies, Civic Education, and Physical Education. The topics are provided in Table 1. Over the years, there are various activities for children and youths that have presented opportunities for them to deepen their understanding and application of financial education topics beyond the classroom. These opportunities include - household chores; shopping exercises using supermarket product catalogues (eg Shoprite, Pick N Pay, Game), entrepreneurship activities; extra-curricular clubs and production-unit school activities; savings using piggy banks and savings accounts; the use of mobile money; debates and essay competitions; and interactions with financial institutions during campaigns/exhibitions such as World Savings Day, Financial Literacy, Pensions, Insurance, and Investor Weeks, among others. Collectively, these initiatives are certainly helping to develop the financial capability of children and youths in Zambia. The current NSFE-II, 2019 -2024 wound up in 2024, and a review of its implementation and the process to develop the NSFE-III is planned for 2025.



TABLE 1

<b>GRADE 1 TO 4: UNIT 1 – TAX</b>
<ul style="list-style-type: none"> <li>Topics - Important Places in the Community; and The Use of Tax</li> </ul>
<b>GRADE 1 TO 4: UNIT 2 - USING MONEY</b>
<ul style="list-style-type: none"> <li>Topics - Different Coins and Notes Used in Zambia; A 'Need' And A 'Want'; Some Ways People Use to Earn Their Money; Taxpayers in Zambia; and Methods of Keeping Money Safe</li> </ul>
<b>GRADE 1 TO 4: UNIT 3 - KEEPING TRACK OF MONEY</b>
<ul style="list-style-type: none"> <li>Topics - A Simple Budget; Lists of Priorities for Different People; The Importance of Saving Money by Children and Adults; How Money Makes One React (emotions); and Taxes</li> </ul>
<b>GRADE 1 TO 4 : UNIT 4 - SPENDING MONEY</b>
<ul style="list-style-type: none"> <li>Topics - Ways of Paying That Do Not Involve Cash; Electronic Methods of Payment;</li> <li>Reasons for Making Choices When Spending Money; The Value for Money; Things That Influence Spending; and Things That Influence People to Pay Tax</li> </ul>
<b>GRADE 5 TO 7 : UNIT 1 - PERSONAL FINANCIAL GOAL SETTING</b>
<ul style="list-style-type: none"> <li>Topics - Personal Financial Goals; Importance of Financial Security; Types of Taxes; and Link Between Training, Qualification and Future Earnings</li> </ul>
<b>GRADE 5 TO 7 : UNIT 2 - KEEPING MONEY SAFE</b>
<ul style="list-style-type: none"> <li>Topics - Different Ways of Saving; Benefits of Keeping Money Safe; The Main Features of Saving and Borrowing; The Relationship Between Risk and Reward in Financial Contexts; Rights and Obligations of a Taxpayer; Responsible Use of Money Through Songs and Dances; Playing Musical Instruments to Earn Money; Importance of Artworks in Poverty Reduction; Making Different Types of Decorations Using Local Materials</li> </ul>
<b>GRADE 5 TO 7: UNIT 3 - PRIORITIES FOR MONEY IN FAMILIES</b>
<ul style="list-style-type: none"> <li>Topics - The Role of Making Priorities for Money in Families; The Role of Work in Meeting Needs and Wants; Budgeting and Saving for Future Goals; Budget Tracking; Foreign Currencies; Value of Money in Different Countries ; Wealth Creation Through Artworks; The Use of Music to Raise Money for Charity; and Wealth Creation Through the Use of Local Materials</li> </ul>
<b>GRADE 8 TO 9 : SECTION 1 - ECONOMIC DEVELOPMENT</b>
<ul style="list-style-type: none"> <li>Topics – Money; and Trade (local and international)</li> </ul>
<b>GRADE 8 TO 9 : SECTION 2 - CORRUPTION</b>
<ul style="list-style-type: none"> <li>Topic: Corruption</li> </ul>
<b>GRADE 8 TO 9: SECTION 3 - FINANCIAL MANAGEMENT</b>
<ul style="list-style-type: none"> <li>Topics: Personal Financial Management; Electronic Money Transfers; Savings; Investments; Types of Investment; and Budgeting</li> </ul>
<b>GRADE 8 TO 9 SECTION 4: ENTREPRENEURSHIP</b>
<ul style="list-style-type: none"> <li>Topics: - Money and Sport; Taxation and Fraud; and Portfolio</li> </ul>
<b>GRADE 10 TO 12: SECTION 1 - ENTREPRENEURSHIP IN SPORTS</b>
<ul style="list-style-type: none"> <li>Topics - Portfolio (Personal Research); Making Money from Sports Equipment; Career Options in Sports; and Managing Money Made from Sporting Activities</li> </ul>
<b>GRADE 10 TO 12: SECTION 2 - ECONOMIC AND SOCIAL DEVELOPMENT</b>
<ul style="list-style-type: none"> <li>Topics - Role of Financial Institutions in Economic and Social Development; Banks; Borrowing Money; Managing Debts; Capital Markets; Insurance; and Work Culture</li> </ul>
<b>GRADE 10 TO 12: SECTION 3 - POVERTY</b>
<ul style="list-style-type: none"> <li>Topics – Poverty; and Poverty Alleviation Strategies</li> </ul>
<b>GRADE 10 TO 12: SECTION 4 - FOREIGN TRADE</b>
<ul style="list-style-type: none"> <li>Topics - Foreign Trade; and Facilitators in Foreign Trade</li> </ul>

<sup>1</sup>Bank of Zambia presentation to the Head Teacher's General Conference, August

# YOUR ROLE IN BUILDING FINANCIAL INCLUSION

By Priscilla Silwamba



Financial inclusion is more than just a buzzword; it's a critical component of a healthy and equitable economy. We all have a role to play in ensuring everyone has access to the financial tools they need to thrive.

## Defining Financial Inclusion

The definition of financial inclusion has evolved, reflecting its multifaceted nature. While organisations like the Alliance for Financial Inclusion offer guiding principles rather than a single definition, Zambia defines it as:

***"Access to and informed usage of a broad range of quality and affordable savings, credit, payment, insurance, and investment products and services that meet the needs of individuals and businesses."***

## The Importance of Financial Inclusion

- Research by Cull, Demircuc-Kunt, and Lyman highlights the significant benefits of financial inclusion. It contributes to:
- **Reduced Income Inequality:** Leading to greater social and political stability, and ultimately, financial stability.
- **Increased Household Resilience:** Providing access to risk management tools, enabling households to weather economic shocks.
- **A Stronger Financial System:** Resilient households contribute to a more robust and stable financial system.

## How You Can Contribute to Financial Inclusion

We all have a part to play in expanding financial inclusion. Here's how:

### 1. Financial Product and Service Consumers:

- **Use Legitimate Institutions:** Always access financial products and services through legally registered institutions.
  - **Prioritise Financial Literacy:** Strive to improve your financial literacy to make informed decisions.
- ### 2. Financial Product and Service Providers
- **Focus on the Underserved:** Target populations that are currently excluded from financial services.
  - **Offer Affordable and Sustainable Products:** Provide products and services that are accessible to your customers while maintaining a sustainable business model.
  - **Educate and Inform:** Sensitize customers and potential customers about your offerings.
  - **Promote Digital Solutions:** Encourage the use of digital platforms for efficient and effective transactions.
  - **Invest in Customer Care:** Build a strong customer base through excellent customer service.

### 3. Members of the Public

- **Report Illegal Activities:** Alert authorities of suspicious or illegally operating financial institutions or individuals.
- **Encourage Financial Inclusion:** Promote the use of financial services through legitimate channels within your communities.

### 4. Regulators

- **Leverage Technology:** Utilise new technologies to enhance regulatory and compliance processes.
- **Strengthen Consumer Protection:** Implement robust consumer protection standards.
- **Enhance Financial Literacy Initiatives:** Increase efforts to improve financial literacy across the population.
- **Recognise and Reward Progress:** Encourage financial inclusion through periodic awards and recognition for outstanding performance.
- **Foster Stakeholder Engagement:** Involve stakeholders in financial inclusion policy development.

## Conclusion

Financial inclusion is a shared responsibility. By understanding our roles and taking action, we can build a more inclusive and prosperous financial future for all.



Source - World Vision

# INVEST, OR REGRET

.... demystifying Investment Misconceptions

By Nchimunya Muvwende



We live in a world where financial obligations to sustain both present and future needs often exceed the income of many people. It's no wonder that some retirees who once had stable jobs end up in destitution, people live hand-to-mouth with no improvement, and others accumulate significant debt that they fail to repay. Many of these challenges could be avoided if only people understood the importance of investing while they are earning an income. There are various myths that surround investment, leading people either to avoid investing altogether or to invest poorly, ultimately losing their money.

Let's examine some common myths and how to address them.

## Investing is Expensive

One common misconception is that investing is only for those who earn substantial incomes and have something to spare. People often believe their income barely covers their basic needs, so how could they possibly find extra funds for investment? This mindset leads to waiting for a time when they will "have enough money to spare" before considering saving or investing. However, this view misunderstands the nature of investing; the idea is to invest within one's income bracket. While certain investments may be unaffordable at lower income levels, many other accessible options are available.

For example, real estate investments may not be feasible for low-income earners, but purchasing shares can be affordable, with some companies offering shares for less than K3 each. Government securities have minimum investments of K1,000,

which can accommodate a range of income brackets. Additionally, savings tools such as Airtel's Patumba allow people to save small amounts in a mobile wallet and earn interest. Other options include peer-to-peer lending, savings accounts, mutual funds, and unit trusts. Investing is accessible to everyone, regardless of income level. Many platforms now allow for small initial deposits, making it easier to start with minimal funds. Starting with what you can afford, no matter how small, helps you get into the habit of investing and allows your money to grow gradually. The idea that investing is too expensive is simply a misconception; it only requires researching and choosing investments within your income range. Remember, failing to invest is a plan for a financially insecure future. Actually, what is expensive is failure to invest because it will cost your future financial freedom.

## Investing is for the Old

Another misconception among young people is the belief that "enjoying life while you're young" is more important than planning for retirement. They question why they should start investing now when they have many years to do so in future. This mindset often leads to lifestyle inflation, causing many young people to accumulate debt that reduces the funds available for future investments. While enjoying life is essential, balancing current pleasures with future financial security is key. In fact, the earlier one starts investing, the greater the potential for wealth and financial independence. Starting early provides more time to learn from mistakes, allows for a longer period of growth, and enhances the likelihood of achieving financial goals. Investing later in life can be riskier, so starting early is beneficial. ■



### It's Too Late to Start Investing

A common misconception among the older generation is that it is too late for them to start investing. It's never too late to start investing. Although starting earlier allows more time for compounding growth, even a late start can contribute to financial security, especially when considering retirement or other financial goals. If one chooses not to invest, their savings may gradually deplete through regular spending, and inflation will erode their purchasing power over time. This increases the likelihood of financial hardship in later years. The key for older individuals is to select investments carefully, choosing options that align with their needs and time horizon, as some investments may take longer to yield returns and may not be suitable for those seeking short-term stability.

### There Are No Fast, Risk-Free Investments

We live in a time when people want everything fast—fast cars, fast food, fast money and, as a result, they often

look for investments that promise quick wealth. However, it's important to understand that no investment is entirely risk-free or guarantees high returns. Promises of fast, high, guaranteed returns are often red flags for scams.

In reality, all investments require time to grow, and typically, the longer the investment period, the higher the potential returns. The most reliable investment strategies involve patience, due diligence, and realistic expectations. Rather than focusing on "get-rich-quick" schemes, it's wiser to research thoroughly, understand the risks involved, and seek opportunities that align with one's financial goals and risk tolerance. Sustainable wealth accumulation is built over time, not overnight, and it's important to avoid the temptation of quick schemes that could ultimately lead to losing money fast.

### Investing is Like Gambling

Many people equate investing with gambling because they see both as high-risk activities where you

might "win big" or "lose everything." However, investing and gambling are fundamentally different. Gambling is a zero-sum game, where people rely on luck and have a high chance of losing their stake. Investing, on the other hand, is about buying assets that have inherent value and the potential to grow over time. While it's true that investments carry a risk of loss, they are grounded in economic fundamentals, growth potential, and strategic choices that can be researched and managed. Always seek to understand the risks involved in whatever investment vehicle you use and seek mitigation measures that diversify your investments.

The importance of investing, regardless of one's income level or age, cannot be overemphasized. It is high time to dispel the excuses and myths around investing and encourage people to start, as the benefits are undeniable. The choice is yours: invest, or regret. ■

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*The author is Analyst – Market Compliance, Financial Markets Department*



# DRIVING FINANCIAL INCLUSION AND IMPACT: MICROLOAN FOUNDATION ZAMBIA'S ROAD TO SUCCESS

*By Malin Rosenkvist*

MicroLoan Foundation Zambia has firmly established itself as a leader in the microfinance sector, playing a pivotal role in promoting financial inclusion across the country. Through its innovative microfinance solutions and a deep commitment to empowering underserved communities, MicroLoan Zambia continues to drive positive change.

## **Making Finance Accessible**

At its core, MicroLoan Zambia's mission is to provide affordable and accessible financial services to women in rural areas. These communities often face barriers to accessing traditional banking services, and as a result, their potential to generate income and improve living standards is limited. MicroLoan Zambia addresses this challenge by offering financial products and services that are designed to specifically meet the changing needs of women in rural areas, enabling them to invest in small businesses, increase their business acumen and financial literacy, improve their livelihoods, and contribute to the local economy.

The micro-loans provided by MicroLoan Zambia are designed to be small and manageable, typically ranging from ZMW500 to ZMW3,000, which are sufficient for starting or expanding small businesses in sectors like agriculture, retail, market trading and food production. These loans allow borrowers to invest in income-generating activities and create a ripple effect that benefits their families and communities.

MicroLoan Zambia operates a group lending model based on the Grameen system. Women come together in loan groups of five where members



have joint liability for repayments. This removes barriers such as requirements for collateral or credit history, opening up access to formal financial services for those who are financially excluded. Each loan group is linked to a Centre which offers an additional layer of risk management for the clients and the institution. Guided by their elected Centre leaders and facilitated by MicroLoan staff, monthly Centre meetings are held, providing a platform for women to exchange experiences and participate in advanced business training.

## **Gender Equity: A Cornerstone of Financial Inclusion**

Women's economic empowerment is one of the cornerstones of MicroLoan Zambia's mission and they have a 100% female client base. MicroLoan Zambia has contributed to increased financial inclusion for women over the past years. Through targeted financial products and services, MicroLoan Zambia has empowered over 200,000 women to overcome barriers to economic opportunities, enabling

them to become active participants in the economy.

In addition to providing credit and savings facilities, MicroLoan Zambia equips women with essential skills in financial literacy and business management. The training programme is based on peer-to-peer learning and ensures that borrowers can effectively manage their loans, learn basic business concepts, and plan for the sustainable growth of their businesses. MicroLoan Zambia's approach goes beyond financial transactions—it fosters a comprehensive ecosystem of support that nurtures confidence, entrepreneurship, and leadership among women.

## **Global Recognition**

MicroLoan Zambia's outstanding work in promoting financial inclusion and creating social impact has been globally recognised. In 2023, MicroLoan Zambia won the 60 Decibels Top Impact Award as one of the most impactful financial service providers across the globe. This



accolade highlights the foundation's significant contribution to poverty alleviation, sustainable economic growth, and women's empowerment through financial services.

In addition to the Top Impact Award, MicroLoan Zambia's performance in the Microfinance Index is a testament to its excellence in the sector. The institution was ranked as the number one most impactful financial service provider in Zambia, second in Africa, and fourth in the world in the prestigious index. These rankings are based on a range of factors including client outreach, client protection, household impact and resilience.

### Measuring Impact

An important aspect of MicroLoan Zambia's success is its data-driven approach to measuring impact. It uses a range of internal and external tools to monitor performance and measure impact.

**1. Financial inclusion:** 89% of clients report accessing a loan for the first time (60 Decibels Microfinance Index Insight report)

**2. Quality of life:** 98% of clients report that their quality of life has improved as a result of MicroLoan Zambia's services (60 Decibels Microfinance Index Insight report; MicroLoan Social Outcomes Questionnaire)

**3. Business income:** 98% of clients reported they have seen an increase in the income they earn because of MicroLoan Zambia. This aligns with the goal of providing financial services that directly contribute to the economic empowerment of individuals. (60 Decibels Microfinance Index Insight report)

**4. Resilience:** 97% of clients report improved ability to face emergency expenses (60 Decibels Microfinance Index Insight report)

**5. Skills and confidence:** 88% have increased ability to manage their finances after taking part in training and 98% reported increased confidence. (60 Decibels Microfinance Index Insight report)

**6. Poverty reduction:** 17% of client see a change in poverty status after two years with MicroLoan Zambia. (Poverty Probability Index)

The broader social impact of MicroLoan Zambia's services is also significant. Many clients report improvements in the quality of life for their families, including better access to education, healthcare, and nutritious food, as a direct result of increased business income.

### Innovation and Technology: A Catalyst for Greater Reach

MicroLoan Foundation Zambia recognizes the importance of

innovation in expanding access to financial services. With many of its clients residing in remote and rural areas, MicroLoan Zambia has embraced technology to enhance its operations and increase its outreach. By leveraging mobile technology, MicroLoan Zambia has been able to disburse loans and collect repayments digitally, allowing clients to manage their financial transactions without the need to travel long distances. This system has not only reduced the barriers to accessing financial services but has also made it easier for clients to track their loan status and financial progress.

Through partnerships with digital experts, funders, mobile money providers and digital financial services, MicroLoan Zambia has successfully positioned itself at the forefront of innovation with new solutions for making savings, loans and financial education more accessible.

### A Vision for the Future: Expanding Financial Inclusion

As Zambia continues to move toward greater financial inclusion, MicroLoan Zambia's work stands as a shining example of how microfinance can be used as a tool for empowerment and long-term economic development. By continuing to break down barriers to financial access and providing clients with the resources and knowledge they need to succeed, MicroLoan Zambia is helping to create a future where everyone has the opportunity to thrive. ■

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# THE DIGITAL TRANSFORMATION REVOLUTION: HOW BUSINESSES ARE LEVERAGING AI TO DRIVE GROWTH IN 2025

By Daniel Chibesakunda



***“Organisations that will survive in the digital transformation era are those who will be called Digirati, as they will combine the Artificial Intelligence (AI) and digital activities with strong leadership, which in turn will allow them to turn technology into transformation for organisational operations efficiency. This is referred to as Digital Maturity.”***

**George Westerman, Didier Bonet, (2014)**

The technological landscape is changing at a faster pace, this change has been driven by humans, as the demand for efficient means of operating and easier means of accessing services keeps increasing. The most visible changes in technology can be seen from the size of hardware and applications that have been developed over the years to make the organisations operate efficiently and faster resulting in efficient service delivery to their customers. The recent technological shock that is being discussed by executive leaders is Artificial Intelligence (AI) and how it can be integrated into their digital transformation strategies, with a focus on improving operational efficiency and customer engagement.

Artificial intelligence can be defined as a process of watching what people do and automate it. Organisations are looking at the processes that have been done by humans and trying to mimic those processes using artificial intelligence to achieve faster processing of tasks and also to save costs on operations in terms of human capital.

Depending on the finances, organisations are taking different approaches when it comes to integrating artificial intelligence into their digital transformation strategies of which some are transforming all the parts of their organisation while others are still doing only the basics. Various experts have written about this topic and one thing clear is that the best organisations in future will be those that will combine digital and artificial intelligence activities, with strong leadership - turning technology potential into meaningful transformation. This is what is normally referred to as digital maturity and organisations that will reach that level will outperform those that will not be digital maturity.

## **How businesses are leveraging AI to drive growth**

Executives globally are looking at leading organisations that are efficient by streamlining both internal and external processes with the expected results of improving operational efficiency. For this to be achieved, they are looking at how artificial intelligence can be integrated into digital transformation on improving operational efficiency and customer engagement and three areas of focus have been discussed are:

### **1. Customer experience**

In digital transformation, customer experience is divided into three stages which include customer understanding, customer touch points and top-line growth discussed in-depth below.

#### **i. Customer understanding**

Lately, everything is all about understanding and knowing who your customers are, and organisations are using various methods to do so, like taking advantage of social media to know what customers are interested in or what makes them



dissatisfied with the organisation services. Organisations are taking advantage of artificial intelligence and digital solutions to promote their products to customers, and this has led to organisations investing into building online communities just to get in touch with their customers and maintain loyalty.

### **ii. Organisation top-line growth**

Organisations are taking advantage of artificial intelligence and digital technology to improve in-person discussions with their customers. A better understanding of customers helps organisations transform to meet their expectations.

### **iii. Customer touch points**

Customer touch points involve having multiple channels of communication so that your customer can get in touch with your organisation. This is key to the organisations business as customers always want to get immediate feedback once they contact you. Organisations that have good products but poor feedback for their customers usually have a lower customer base compared to those that may have a fairly good product but have excellent customer feedback. The major tools that organisations are digitally taking advantage of as touch points include Facebook, Twitter, LinkedIn, web chats etc. These tools enable the organisation to answer customer queries faster to prevent them going to the branch physically. Many organisations are now coming up with artificial intelligence and digital innovations to provide self-services to their customers. Touch points like the organisations apps that allow customers to access the services using tablets, smart phones and iPads are saving the customers and avoiding them been in long queues.

The demand for touch points by customers is forcing programmers to change the development approach from them writing the programme for the users to the users demanding what the programmer should write for them with the incorporation of artificial intelligence. This approach is referred to as User Centered Design

(UCD) or Human Centered Design approach, because if a programmer writes a programme and users reject it, it will be rendered unusable. It is clear that people are pushing organisation to digital transformation and integrate artificial intelligence in their solutions.

### **How to avoid business failure in integrating artificial intelligence into digital transformation strategies to drive growth**

In this digital age, organisations are leveraging Artificial Intelligence (AI) to enhance organisational efficiency and reduce operational costs. However, they need to ensure that they avoid failure as it is not cheap to implement Artificial Intelligence (AI) solutions. Three key steps can save organisations from failure in implementing Artificial Intelligence (AI) solutions.

#### **i. Data harmonisation and cleaning**

Organisations need to firstly harmonise and clean the data by accessing data sources and infrastructure to ensure that inconsistencies have been identified and documented. This will help an organisation to determine whether the infrastructure is adequate to support the integration of artificial intelligence into their digital transformation strategy. Identification of data relationships to integrate and setting of data governance documentation are important before an organisation embarks on the journey of integrating artificial intelligence into digital transformation. This would assist organisations missing out on critical building blocks in implementing artificial intelligence solutions.

#### **ii. Artificial intelligence (AI) proof of concept**

As organisations harmonise and clean up their data, they need to define relevant use-cases to pinpoint the specific outcomes from the implementation of the Artificial Intelligence (AI) solutions and list appropriate models to use in the implementation process. It is important for organisations to define business logic, select appropriate models and fine-tune models to get the needed results.

#### **iii. Elevate operations, leverage automation, and uncover opportunities**

The last stage of avoiding failure in integrating Artificial Intelligence (AI) is optimisation of the implemented models, reporting of the behaviour of the models and documentation of the results. Lessons learnt in this process are documented for future improvement.

In conclusion, the integration of Artificial Intelligence (AI) into the organisation digital transformation strategies is a journey, organisations need to know that is important to start with smaller quick-win processes to implement Artificial Intelligence (AI) solutions so as to monitor and learn how the Artificial Intelligence (AI) models behave before embarking on bigger processes to avoid failure and cause major losses to the organisation. ■

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*The author is Acting Assistant Director in the ICT Department*



# "YOU'RE NOT THE CENTER OF ATTENTION"

By Zelipa Mitti



Have you ever walked into a room and immediately felt like everyone's eyes were on you? Maybe you stumbled on your way in, wore something slightly different, or had a bad hair day. In those moments, it's easy to assume that every person is judging, whispering, or analysing your every move. But here's the liberating truth: they are not.

## Why we think everyone's watching

The tendency to believe we're under constant observation is a psychological phenomenon known as

the "spotlight effect." Coined by social psychologists Thomas Gilovich and Kenneth Savitsky, this effect describes how our minds exaggerate the degree to which others are focused on us. We are the main character in our own lives, so naturally, we assume that we are just as prominent in the minds of others. Think about it: when was the last time you fixated on someone else's tiny mistake? Maybe you noticed it in the moment, but did it stick with you for hours or days? Probably not (I hope). The same applies when the roles are reversed. This doesn't mean people don't care about you, it's just that their primary focus is usually themselves, not you.

## The reality of attention

Imagine you're at a meeting, nervously delivering a presentation. You're hyper-aware of your voice, body language, and every slip of your tongue. But when the meeting ends, a colleague approaches you and compliments your insights and well-structured slides. They didn't

notice the minor stumbles or awkward pauses that you agonized over. Why? Because they were likely thinking about their own work, their own upcoming presentation, or even just what they planned to have for lunch. This is a prime example of how people filter what they notice. This applies to everyday life as well. Whether you fumble with your words in a conversation, accidentally wave back at someone who wasn't greeting you, or wear mismatched socks, these are fleeting moments that rarely register in the long-term memory of others. People simply don't analyse your every move because they're too busy thinking about their own concerns.

## The freedom in knowing you're not the center of attention

Understanding that you're not the focal point of everyone's attention can be incredibly freeing. It allows you to:

- **Be Yourself:** Without the pressure of constant scrutiny, you can focus on being authentic rather than perfect.





- **Take Risks:** Knowing that others aren't dissecting your every move encourages you to step out of your comfort zone, whether that means speaking up in a meeting, trying a new hobby, or wearing a bold outfit.
- **Stop Overthinking:** Recognising that people are less critical than you imagine helps you let go of unnecessary stress and social anxiety.

#### **Practical Ways to embrace this mindset**

If you struggle with the spotlight effect, here are some strategies to help shift your perspective

- **Remind Yourself of the Spotlight Effect:** When you feel self-conscious, ask yourself, "Would I notice this in someone else?" More often than not, the answer is no.
- **Redirect Your Focus:** Instead of worrying about how you appear to others, focus on them instead. Engage in conversations, ask

questions, and be genuinely interested in people. This not only reduces your self-consciousness but also strengthens your social interactions.

- **Laugh at yourself:** Embracing the occasional awkward moment with humour can make you more relatable and reduce any tension you feel.
- **Keep moving forward:** Even if someone does notice a small mistake, it's usually forgotten within moments. Don't let fleeting missteps define you.

**Challenge negative thoughts:** When you start feeling self-conscious, ask yourself whether your thoughts are based on facts or assumptions. Often, we create exaggerated scenarios in our minds that don't reflect reality.

Once you internalise that people are not scrutinizing your every move, you may start to notice positive changes in various areas of your life. In your work and career, you will become

more confident in meetings, less afraid of making minor mistakes, and more willing to take initiative. In social situations, you will find yourself more present in conversations and less concerned about saying the "wrong thing." When it comes to personal growth, you will feel freer to try new experiences, meet new people, and step outside your comfort zone without fear of judgment.

The next time you feel like everyone is watching you, remember that nearly everyone else feels the same way at some point. The person you're worrying about is likely worrying about themselves, too. We are all navigating our own insecurities, and the truth is, nobody has the time or inclination to dissect your every move. So, go ahead and wear that quirky outfit, speak up in the meeting, or laugh off an awkward moment. People aren't looking at you as much as you think they are.

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# CHEQUE USAGE TO END ON JUNE 24, 2026



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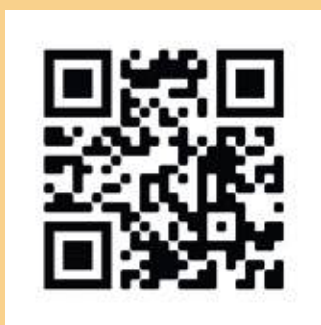


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