ZAMBANKER

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Bank of Zambia

A BANK OF ZAMBIA JOURNAL

INSIDE THIS ISSUE

- CREDIT UPGRADE: A RECOVERY MILESTONE
- CURRENCY DIRECTIVES 2025 TAKE EFFECT
- BOZ EARNS PRESTIGIOUS STP AWARD

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ZAMBANKER DECEMBER 2025

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PUBLIC NOTICE
2026 FIRST QUARTER AUCTION CALENDAR FOR GOVERNMENT SECURITIES

The Bank of Zambia, as fiscal agent of the Government of the Republic of Zambia, wishes to announce to the general public that the auction sizes for the first quarter of 2026 will be **K2,200** million for Treasury bills and **K4,200** million for Government bonds.

The auction frequency for the first quarter of 2026 for Treasury bills will be one auction every two weeks while Government bonds will be issued once every month.

Further, the public is advised that the auction calendar for the first quarter of 2026 is as follows:

TREASURY BILLS AUCTION CALENDAR FOR THE FIRST QUARTER 2026	
T-BILL ISSUE	**AUCTION DATE**
01/2026	Thursday, 08 January, 2026
02/2026	Thursday, 22 January, 2026
03/2026	Thursday, 05 February, 2026
04/2026	Thursday, 19 February, 2026
05/2026	Thursday, 05 March, 2026
06/2026	Thursday, 19 March, 2026

GOVERNMENT BONDS AUCTION CALENDAR FOR THE FIRST QUARTER 2026	
BOND ISSUE	**AUCTION DATE**
01/2026/BA	Friday, 23 January, 2026
02/2026/BA	Friday 13, February, 2026
03/2026/BA	Friday, 27 March, 2026

For further information and clarification please contact:

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CONTENTS

ZAMBIA'S CREDIT UPGRADE: A RECOVERY MILESTONE

The Bank of Zambia (BoZ) has welcomed the recent sovereign credit rating upgrades by global agencies Standard & Poor's (S&P) and Fitch, describing the move as a validation of the country's debt restructuring and economic reform agenda.

ZAMBIA MAKES HISTORY AGAIN, IMPLEMENTS ISO20022 GLOBAL PAYMENT STANDARD FOR CROSS-BORDER PAYMENTS

The Bank of Zambia (BoZ) has successfully migrated its cross-border payment system to the new global standard, ISO 20022. The move groups Zambia among the countries globally to fully comply with the stringent new international mandate, beating a critical global deadline that has significant implications for trillion-dollar international trade and finance.

UPDATE ON THE EXPORT PROCEEDS TRACKING FRAMEWORK AND EXTERNAL SECTOR MONITORING REFORMS

As part of ongoing reforms to strengthen external sector statistics, improve foreign exchange monitoring, and support macroeconomic stability, the Bank of Zambia continues to implement the Export Proceeds Tracking Framework (EPTF).

STAKEHOLDERS CELEBRATE LAUNCH OF ZAMBIA GREEN FINANCE TAXONOMY

The Bank of Zambia (BoZ), as a member of the Green Finance Mainstreaming Working Group (GFMWG), proudly joins national stakeholders in celebrating the launch of the Zambia Green Finance Taxonomy (ZGFT).

RISING ONLINE SCAMS ENDANGER SMALL BUSINESSES

The Bank of Zambia (BoZ) has raised concern over the growing vulnerability of small businesses to online fraud and Ponzi schemes, urging increased community sensitisation to protect people's hard-earned income.

NEWS FROM AROUND THE WORLD: WORLD ECONOMIC FORUM CHIEF WARNS OF THREE POSSIBLE 'BUBBLES' IN GLOBAL ECONOMY

The world should watch out for three possible bubbles in financial markets, including artificial intelligence, the head of the World Economic Forum said on Wednesday, in comments that came amid sharp falls in global technology stocks. Brokers and analysts say the falls are a cause for caution but not panic as markets have been touching record highs and some valuations are looking overblown.

BANK OF ZAMBIA GOES HIGH-TECH: INSIDE THE CURRENCY MANAGEMENT REVOLUTION

In a bold leap toward digital transformation, the Bank of Zambia (BoZ) has reimagined how currency is managed before it is pumped into the nation's economy. Forget the dusty image of cash counting rooms, this is a story of automation, precision, and futuristic machines humming at the heart of Zambia's economy.

THE TWO-SIDED COIN: HOW AI IS REVOLUTIONISING FINANCE AND FUELLING A NEW ERA OF SCAMS

Once the stuff of science fiction, Artificial Intelligence (AI) has rapidly transitioned from a 1956 concept coined by John McCarthy into the engine driving the modern global economy. However, as computing power reaches new heights and "Big Data" provides endless fuel for machine learning, experts are warning that the same technology making our lives easier is also arming a new generation of sophisticated criminals.

SAFEGUARD YOUR MONEY

The number of people that have committed suicide due to failure to settle debt has been on the rise and the trend is alarming. When the situations are well analysed, they could review that mismanagement of money led to the indebtedness and the perceived lack of solution led to the people ending their lives.

ZAMBIA'S CREDIT UPGRADE: A RECOVERY MILESTONE

By Zambanker Reporter

The Bank of Zambia (BoZ) has welcomed the recent sovereign credit rating upgrades by global agencies Standard & Poor's (S&P) and Fitch, describing the move as a validation of the country's debt restructuring and economic reform agenda.

In a statement, Bank of Zambia Governor, Dr Denny Kalyalya said the shift from "Selective Default" and "Restricted Default" to CCC+ and B- respectively is a significant milestone that validates the progress the country has made in restructuring its external debt and strengthening economic management, thereby placing the country's debt back on a sustainable path.

The Governor explained that this achievement is particularly noteworthy having occurred against a background of significant global shocks, including geopolitics and uncertainty, arising from the realignment of global trade policy. These global developments were compounded by the 2023/2024 devastating drought, which led to very poor harvest of particularly the staple crop, maize, and a severe reduction in electricity supply, given the country's high dependency on hydro-electricity.

"The debt overhang and these external and domestic factors have had adverse impact on economic growth, employment generation, the exchange rate, and inflation. The debt overhang also had an adverse impact on liquidity conditions (i.e. availability of money) in the economy, which posed a threat to the ability of the financial institutions to perform their intermediation role (financial stability)," he said.

From the financial sector standpoint, the credit rating upgrade has a number of important implications, including the following:

First, when Zambia defaulted on its payment of interest on Eurobonds in November 2020, the external debt rating was immediately downgraded to Selective Default status. Financial institutions, including commercial banks, were as a result forced to reduce the limits of credit they could extend to the Government and to Zambian businesses generally.

Second, for these institutions to lend money to any local entity, they had to put aside more capital as a buffer in the event of a default. This made it more expensive for borrowers, as banks factored this into their lending interest rates, making it relatively more difficult for banks to support both short-term and long-term investments.

Third, following the default, the Government became heavily dependent on the issuance of Government securities to augment revenues to finance its operations. This pushed the cost of these instruments up, which in turn pushed up lending interest rates.

Fourth, the ensuing challenges in raising adequate financial resources to meet financial obligations tightened liquidity conditions in the economy, thereby posing a risk to financial stability. Fifth, foreign financial institutions were increasingly less willing to invest in financial assets in Zambia, such as Government bonds, reducing the supply of foreign exchange in the market. This had an adverse impact on the exchange rate and, in turn, inflation.

The removal of Zambia from selective default status now makes it possible for financial institutions, both domestic and international, to increase their credit exposure to Zambia and to do so at a relatively lower cost. These institutions will now be more willing and able to finance investment and growth in the economy at lower cost, whether through participation in public-private financing projects or by increasing direct lending to both the private sector and Government. This makes Zambia a more viable investment proposition.

Some investors who anticipated that our credit rating was likely to be upgraded had already begun

Dr. Denny Kalyalya

increasing their exposure to the country. The ratings upgrade by both S&P and Fitch are, therefore, supportive of these initiatives and the recent trends of declining Government security yield rates. This should, in turn, contribute to an overall reduction in banks' lending rates. In addition, the improvement in the investment profile consolidates the stabilisation of the exchange rate and the declining trend in inflation. This is ultimately expected to support a reduction in the cost of living for the average Zambian.

The upgrade also has positive implications for the Government's fiscal operations. Under the selective default status, we had to deeply rely on the domestic financial markets to finance operations and investments for development. This extensive reliance meant that the cost of credit in the economy was increasingly difficult to reduce. Where possible, we also obtained some concessional borrowing from multilateral financial institutions and limited grants from development partners.

In a nutshell, it is important to note that the ratings upgrade represents more than just a recognition that Zambia's debt is more sustainable going forward. It is a clear recognition that the broader economic reforms implemented by the Government put Zambia on the right trajectory of higher growth, single-digit inflation, a more stable exchange rate, and more robust long-term investment in the economy, primarily by the private sector.

THE BANK OF ZAMBIA CURRENCY DIRECTIVES 2025 TAKE EFFECT

- ***To enhance monetary policy effectiveness and stabilise the economy***

By Barron Ngulukila

The Bank of Zambia (BoZ) has officially issued the Currency Directives 2025, mandating that domestic transactions be settled exclusively in Kwacha and Ngwee. The new regulations, which came into effect on December 26, 2025, are anchored in Sections 18 and 73 of the Bank of Zambia Act, 2022.

The journey toward these Directives began in February 2024, when the Central Bank first announced its intent to curb "dollarisation" in the local economy. To ensure a smooth transition, the BoZ collaborated with the Public Private Dialogue Forum (PPDF) to engage key economic players.

The Bank held extensive consultative meetings with stakeholders from several vital sectors including: Government Departments, agriculture, financial services, mining and manufacturing, tourism and agriculture. These discussions allowed businesses to help shape the final provisions, ensuring the directives are practical and easier for both individuals and corporations to follow. Under the new directives, a domestic transaction is defined as any private or public payment made to a person residing in Zambia for a transaction that occurred within the country.

Key Clarifications:

- **International Trade**: The directives do not apply to international transactions.
- **Exemptions:** The Bank has provided specific exemptions for "carefully considered" domestic transactions that may still require foreign currency.
- **Compliance:** The primary goal is to reinforce Section 18 of the Bank of Zambia Act while providing a clear framework for businesses to comply without disruption.

For businesses and members of the public seeking technical specifics, the Bank of Zambia has published the full **Directives and Explanatory Notes** on its website and social media platforms.

The Central Bank expects that by enforcing the use of the Kwacha for local trade, it will enhance monetary policy effectiveness and stabilise the local economic environment.

ZAMBIA MAKES HISTORY AGAIN, IMPLEMENTS ISO20022 GLOBAL PAYMENT STANDARD FOR CROSS-BORDER PAYMENTS

By Namukulo Mwauluka

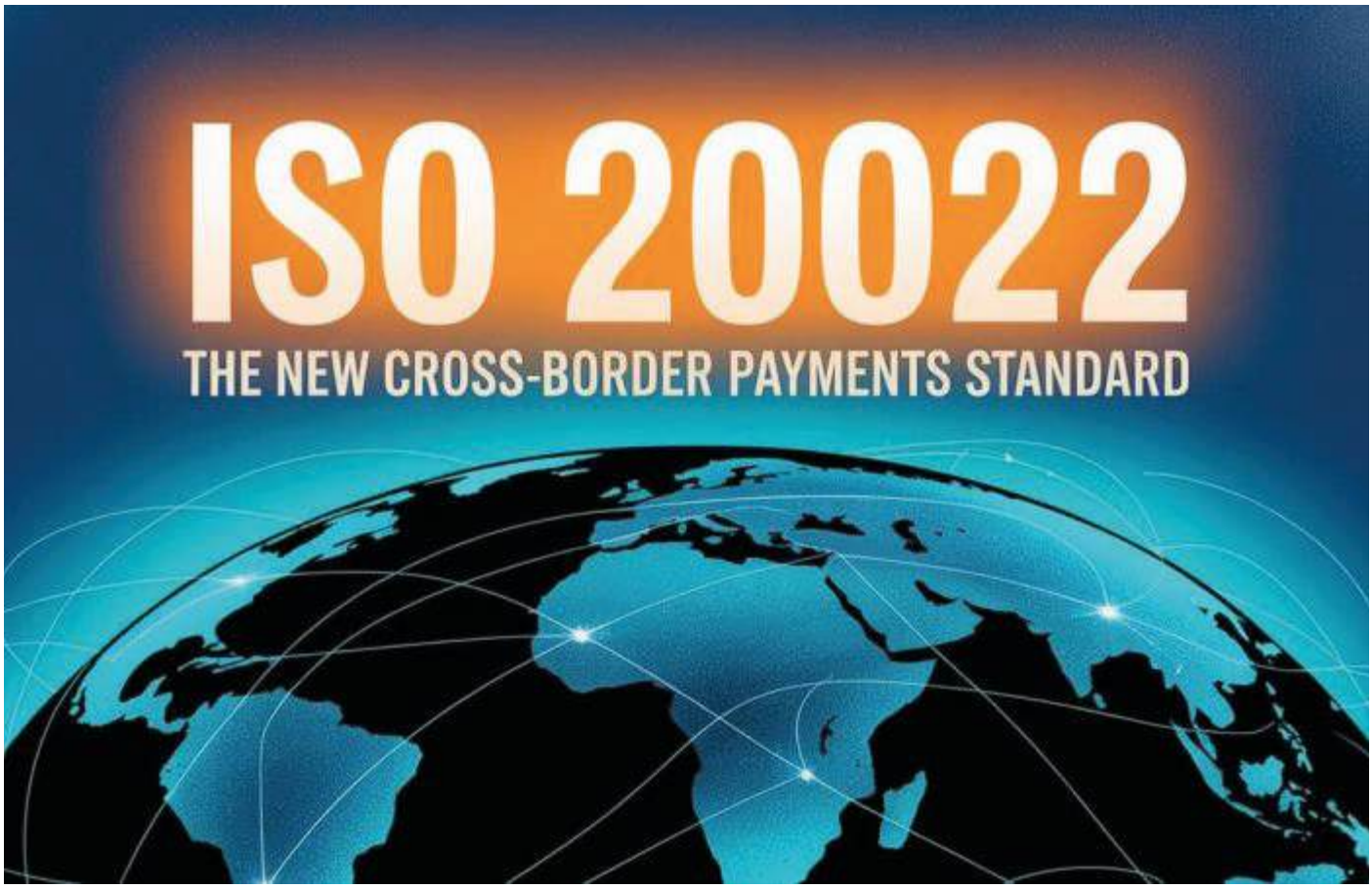
The Bank of Zambia (BoZ) has successfully migrated its cross-border payment system to the new global standard, ISO 20022. The move groups Zambia among the countries globally to fully comply with the stringent new international mandate, beating a critical global deadline that has significant implications for trillion-dollar international trade and finance. The transition, which happened on November 22, 2025, marks the official retirement of the nearly 50-year-old MT messaging system, a short, cryptic format used by banks worldwide. The new ISO 20022 standard provides a data-rich, structured format, likened by experts to upgrading from sending a telegram to making a high-definition video call.

The switch was mandatory for all financial institutions using SWIFT, the secure network that facilitates trillions of dollars in cross-border payments daily. The November 22 deadline was non-negotiable; any bank that failed to upgrade would have effectively been locked out of the global financial highway.

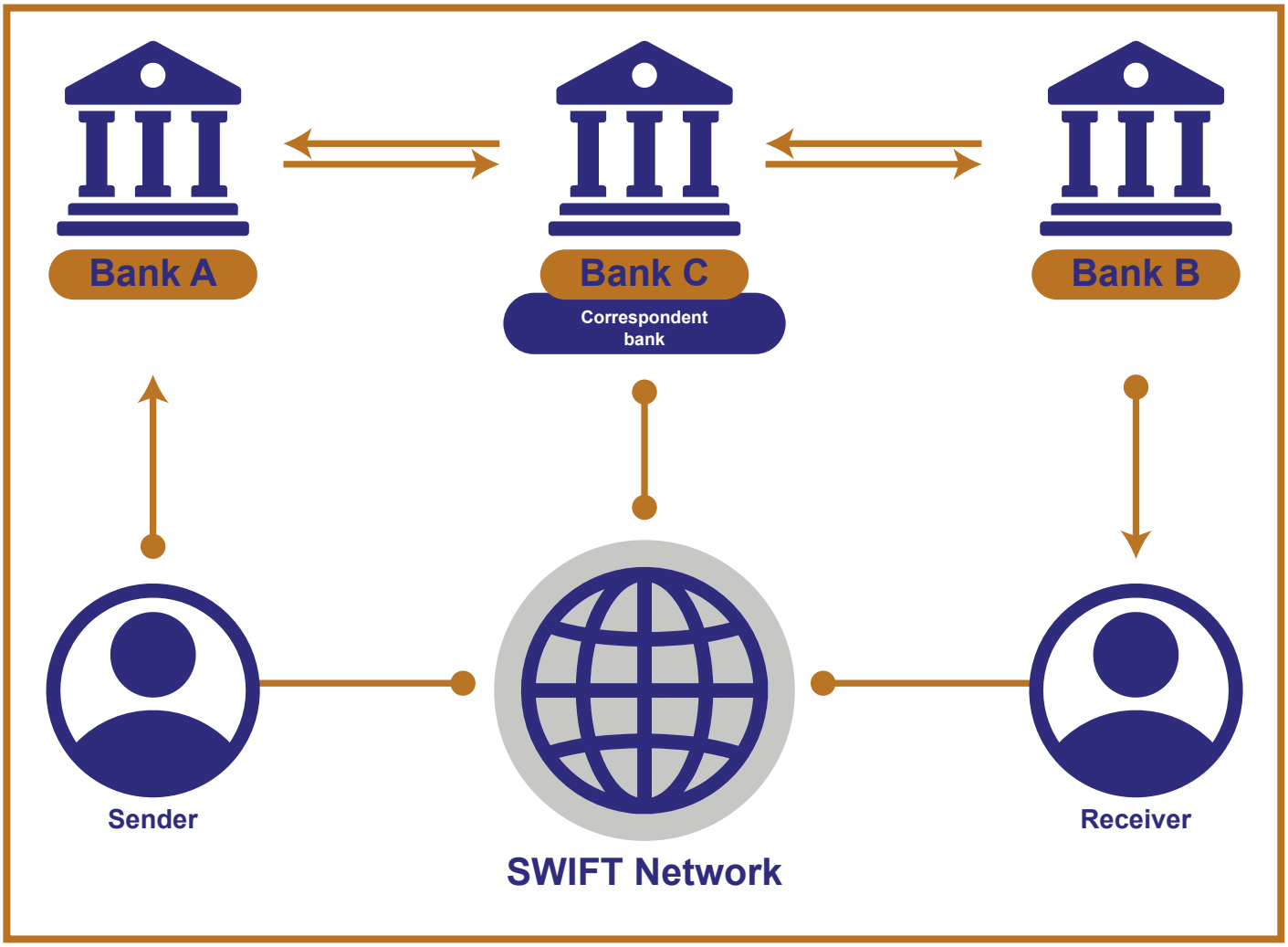
"This achievement marks the culmination of months of meticulous planning and dedicated effort, building upon the successful core system upgrade completed in September 2025. It is a transformative step that positions the Bank at the forefront of modern financial systems," noted Director-Banking and Currency Management, Ms Angela Chileshe.

This is not the first time Zambia has led the charge in adopting the new standard:

- **Domestic Payments:** In October 2023, Zambia was among the first **countries in the world** to run its



How payments are made on SWIFT



domestic payment systems, the Zambia Interbank Payment and Settlement System **(ZIPSS)** and the Central Securities Depository **(CSD)**, entirely on ISO 20022.

- **SWIFT Accelerator:** The BoZ also made history as the first central bank to utilise SWIFT's **ISO Accelerator Pack**, a bespoke toolkit designed to expedite and streamline the complex technical migration.

The Resilience Programme Behind the Success

The global banking community has been preparing for this migration for years, with a two-year "coexistence" period where both old and new systems ran simultaneously, concluding on the November 22, 2025 deadline.

The country's readiness is the result of a comprehensive market infrastructure resilience programme launched by the Bank of Zambia in 2022. Managed by a dedicated Project Management Office, the programme encompassed:

- The major upgrade of the ZIPSS and CSD.
- Implementation of ISO 20022 for both domestic and cross-border payments.
- The launch of a brand-new online portal for investors to purchase Government securities.

By not just meeting, but "sprinting across the finish line," the Bank of Zambia has ensured that the country's financial infrastructure is modern, resilient, and fully integrated into the global economy, setting a new benchmark for financial innovation in Africa.

What Changes for Everyday Zambians and the World

The new standard isn't just technical jargon. It brings real upgrades:

- **More information in every payment** – like having a detailed receipt instead of a blank one.
- **Stronger fraud and money-laundering defenses** – richer data means banks can spot suspicious activity faster.
- **Faster, smarter banking** – less manual work, fewer errors, lower costs.
- **The foundation for tomorrow's payments** – instant cross-border transfers, 24/7 banking, and open banking services that let customers share their data securely with new apps and providers.

In short, Zambia just plugged itself more firmly into the digital global economy.

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

BANK OF ZAMBIA EARNS PRESTIGIOUS STP AWARD FROM BANK OF NEW YORK MELLON

By Zambanker Reporter

The Bank of Zambia has been awarded the prestigious Straight Through Processing (STP) Award 2025 by the Bank of New York Mellon, in recognition of its outstanding performance and high standards in international payment processing.

The STP Award is an international accolade presented to financial institutions that demonstrate exceptional accuracy, efficiency and compliance in processing cross-border payments without manual intervention. The recognition highlights the Bank of Zambia's continued commitment to operational excellence and adherence to global best practices in payment systems.

Speaking when he officiated at the award presentation ceremony, Mr. Isaac Muhanga, Bank of Zambia, Chief Operations Officer emphasised the significance of the achievement, noting that it reflects the Bank's dedication to maintaining robust systems and efficient processes. He commended the Finance Department and all supporting teams for their professionalism and commitment.

"This award is a clear reflection of the Bank's strong commitment to operational excellence, and we commend the Finance Department for making it possible and for the work they continue to do in helping us achieve this milestone," Mr. Muhanga said.

He further noted that the recognition by the Bank of New York Mellon serves as a strong endorsement of the Bank of Zambia's systems, internal controls and staff competence.

The award recognition ceremony, which took place at the Bank's Executive Building, brought together senior management and staff from various departments to acknowledge the collective effort that contributed to the milestone. During the event, the award was formally presented by Mr. Lastone Lukanda, Acting Accountant – Communications and Settlement, to Mr. Muhanga.

In his remarks, Mr. Lukanda thanked Bank Management and all supporting teams for their dedication and professionalism, noting that the achievement would not have been possible without strong leadership and institutional support. He observed that earning the award in a highly competitive global financial environment is a notable accomplishment and a testament to the Bank's commitment to efficiency and reliability in its financial operations.

The event was also attended by the Chief of Staff, Ms. Freda Tamba, and the Director of Finance, Mr. Emmanuel Malukutila, who both congratulated staff for their hard work and encouraged them to sustain the high standards that led to the recognition. They reaffirmed management's commitment to continuous improvement, capacity building and ongoing investment in robust financial infrastructure.

The STP Award 2025 marks a significant achievement for the Bank of Zambia and reinforces its reputation as a trusted and reliable central bank within the international financial community. The Finance Department expressed appreciation to all staff whose collaboration, dedication and commitment made the recognition possible.

UPDATE ON THE EXPORT PROCEEDS TRACKING FRAMEWORK AND EXTERNAL SECTOR MONITORING REFORMS

By Mwika Mwenechanya

As part of ongoing reforms to strengthen external sector statistics, improve foreign exchange monitoring, and support macroeconomic stability, the Bank of Zambia continues to implement the Export Proceeds Tracking Framework (EPTF). The EPTF was launched in January 2024 and provides a structured mechanism for tracking export transactions and associated foreign exchange inflows in line with national legislation and international statistical standards.
The Framework complements the Electronic Balance of Payments (e-BoP) monitoring system and represents a key pillar in improving Balance of Payments (BoP) compilation, foreign exchange market oversight, and compliance monitoring.

Launch of the Export of Goods Module (January 2024)

The first major milestone under the EPTF was the launch of the Export of Goods module in January 2024. This module enables end-to-end tracking of goods exports—from customs declaration through to the realisation of export proceeds—by integrating data provided by exporters to commercial banks and customs records.

Since its launch, the module has recorded export transactions valued at US $11.4 billion in 2024 and US $11.3 billion in 2025, covering both traditional and non-traditional exports.

Key outcomes to date include:

- Improved alignment between export values and financial flows captured in the e-BoP system;
- Enhanced monitoring of export proceeds inflows through the domestic banking system; and
- Improved identification and analysis of timing differences between shipment dates and receipt of export earnings.

The Export of Goods module has significantly strengthened reconciliation across data sources and has contributed to measurable improvements in the quality, consistency, and credibility of goods export statistics in the BoP.

Export of Services Module: Trial Phase (January 2025)

Recognising the growing importance of services in Zambia's external sector, the Bank initiated a trial phase for the Export of Services module in January 2025. The trial seeks to address longstanding data gaps associated with services exports, which are not captured through customs systems and have historically been underreported in traditional enterprise surveys.
Preliminary results from the trial phase indicate that Zambian firms—particularly in manufacturing-related services, professional services, logistics, and ICT—are exporting services to non-residents at a significantly larger scale than previously recorded.
The trial phase has also facilitated refinements to reporting templates, including classifications, validation rules, and user guidance in preparation for full implementation.

Go-Live of the Export of Services Module and the New e-BoP Platform (December 2025)

Following the successful trial phase, the Export of Services module will go live in December 2025, concurrently with the deployment of the re-platformed e-BoP system. This coordinated rollout will ensure seamless integration between export proceeds tracking and broader external sector reporting, thereby strengthening consistency across all international flows monitoring.

Home-Grown, Agile e-BoP Re-Platforming

The new e-BoP platform is a home-grown system developed in-house using an agile development approach. This enables continuous enhancement, rapid response to emerging data and policy needs, and close engagement with reporting institutions.
Key features of the re-platformed system include:

- Improved system performance, scalability, and operational resilience;
- Enhanced automated validation, cross-checks, and reconciliation across goods, services, and financial account transactions;
- Stronger alignment between banking flows, enterprise reporting, and customs data; and
- Reduced reporting burden through streamlined workflows and an improved user experience.

The agile approach allows the Bank to iteratively incorporate user feedback and continuously improve

reconciliation outcomes, marking a deliberate shift away from rigid, off-the-shelf systems.

Stakeholder Sensitisation and Capacity-Building Initiatives

Recognising that effective implementation of the EPTF and the re-platformed e-BoP system depends on strong stakeholder understanding and buy-in, the Bank has undertaken extensive nationwide sensitisation and capacity-building activities throughout the year.

Targeted sensitisation workshops and engagement sessions were conducted in Lusaka, Ndola, Kitwe, and Livingstone, bringing together exporters, importers, authorised dealers, industry associations, and other key stakeholders. These engagements focused on:

- Clarifying the objectives, legal basis, and operational requirements of the EPTF;
- Improving understanding of export proceeds repatriation and reporting obligations;
- Addressing practical challenges faced by firms in complying with the framework; and
- Gathering stakeholder feedback to inform system and process refinements.

In parallel, the Bank conducted specialised training programmes for commercial banks, with particular emphasis on:

- Reporting of services exports and imports;
- The treatment of complex transactions;
- Use of the new e-BoP platform, including enhanced validation and reconciliation features; and
- Change management and internal controls to support accurate and timely submissions.

These sensitisation and training activities form part of a broader, nationwide change-management effort aimed at ensuring smooth transition to the enhanced monitoring framework and strengthening compliance across the reporting ecosystem.

Progress on Imports Tracking

In parallel with export-related reforms, the Bank is advancing work on an Imports Tracking Module to improve coverage and accuracy of imports of goods and services, as well as associated foreign exchange flows. Preliminary diagnostic work has identified discrepancies between imports recorded in IMTS, the e-BoP system, and external sector surveys. The imports tracking initiative seeks to:

- Improve real-time monitoring of foreign exchange payments for imports;
- Strengthen reconciliation between customs declarations and banking data; and
- Reduce misclassification between current and financial account transactions.

Legislative Amendments and Regulatory Enhancements

To support the effective implementation of imports tracking and the broader objectives of the EPTF, the Bank is undertaking targeted amendments to the existing Export Proceeds Tracking Framework Directives. These amendments are intended to:

- Strengthen reporting obligations for importers and authorised dealers;
- Clarify documentation requirements and reporting timelines; and
- Enhance compliance and enforcement mechanisms within a digital monitoring environment.

The proposed amendments are being aligned with the expanded functionality of the EPTF and the re-platformed e-BoP system to ensure regulatory coherence.

Conclusion

The phased rollout of the Export Proceeds Tracking Framework—beginning with goods exports in January 2024, followed by the services trial in January 2025, and culminating in the full go-live of services tracking, the new e-BoP platform in December 2025 and imports tracking in 2026, represents a significant transformation of Zambia's external sector monitoring architecture.

The combination of a home-grown, agile e-BoP platform, strengthened legal and regulatory underpinnings, expanded coverage of goods and services trade, and sustained nationwide sensitisation and capacity-building efforts is expected to materially improve data quality, reconciliation, and analytical capacity. Collectively, these reforms will enhance the credibility of external sector statistics, strengthen foreign exchange market oversight, and support sound macroeconomic policy making.

Key Milestones and Timeline

Phase	Timeline	Focus Area	Key Outcome
Launch	Jan 2024	Export of Goods Module	Tracked over US $22.7 billion in transactions (2024–2025).
Trial	Jan 2025	Export of Services Module	Identified significant underreported exports in ICT and logistics.
Go-Live	Dec 2025	Services Module & New e-BoP	Full integration of goods, services, and financial flows.
Future	2026	Imports Tracking Module	Strengthening reconciliation between customs and banking data.

2025 MPC DECISIONS SHIFT FROM PROLONGED PAUSE, FOLLOWED BY A RATE CUT

By Zambanker Reporter

The 2025 MPC meetings showed a shift from initial policy tightening to a prolonged pause, followed by a rate cut towards the end of the year, driven by a persistent but moderating inflation environment.

1. February 2025 Meeting

Decision: Policy Rate **increased** by 50 basis points from 14.0%

New Policy Rate: 14.5%

Rationale: To steer inflation back to the 6-8 percent target band and help anchor inflation expectations.

Primary Upward Inflation Drivers: Inflation was elevated (16.3% in Q4 2024), driven by emergency electricity tariffs, reduced food supply and exchange rate depreciation.

2. May 2025 Meeting

Decision: Policy Rate maintained

New Policy Rate: 14.5%

Rationale: Maintaining the current stance of monetary policy was deemed appropriate considering the decline in inflation to 16.5 percent in April from 16.8 percent in February; balance of risks was still tilted to the downside.

Primary Upward Inflation Drivers: Inflation had peaked at 16.8% in February and slowed to 16.5% in April. The decision was based on the recent decline, the balance of risks being tilted to the downside (due to a bumper maize harvest forecast and anticipated lower crude oil prices), and financial stability.

3. August 2025 Meeting

Decision: Policy Rate maintained

Policy Rate: 14.5%

Rationale: The decision to maintain the Policy Rate was judged appropriate as inflation was still well above the 6-8 percent target band although projected to decline and fall within the band in the first quarter of 2026. The decision would also allow for the consolidation of the gains made on inflation

Primary downward Inflation Drivers: Inflation continued its downward trend (13.0% in July). The forecast projected inflation falling into the target band earlier (Q1 2026). However, inflation remained well above the target, expectations were high, and global uncertainties persisted.

4. November 2025 Meeting

Decision: Policy Rated reduced by 25 basis points **(First reduction in 5 years!)**

New Policy Rate: 14.25%

Rationale: Inflation continued to fall and the projection indicated a faster deceleration towards the lower band of the target range over the forecast horizon. In addition, the risks to the inflation outlook were judged to be supportive of lower inflation.

Primary Downward Drivers: Key drivers were the continued appreciation of the Kwacha against the US dollar and the impact of the recent bumper maize harvest, which has contributed to lower prices of maize grain and maize meal.

BANK OF ZAMBIA HONOURED WITH RISK EXCELLENCE AWARD OF THE YEAR

By Andygean Luombe

The Bank emerged as the recipient of the Risk Excellence Award of the Year in the Public Sector category at the 3rd Institute of Risk Management Annual Conference, held from 17 to 19 September 2025 in Livingstone. This prestigious recognition underscores the Bank's commitment to robust risk management practices and its dedication to safeguarding financial stability and public trust.

Why This Award Matters

The Risk Excellence Award honours exceptional risk practices within the public sector. This award recognises public sector institutions that have demonstrated exceptional risk management capabilities to deliver better outcomes for citizens. It acknowledges organisations that have strengthened planning, procurement, and continuity of service while maintaining transparent communication with stakeholders. The underlying principle is clear: **better risk management leads to better national outcomes**.

Eligibility for this award spans ministries, departments, agencies, state-owned enterprises, local authorities, and regulatory bodies across Zambia and the region. Institutions must showcase tangible achievements in risk governance, transparency, accountability, and service delivery within the past 24 months.

Evaluation Criteria

The Bank's achievement was assessed against rigorous criteria, including:

- **Risk Governance & Framework (25%)** – Establishing effective governance structures and aligning risk management with strategic objectives.
- **Impact on Public Service Delivery (25%)** – Demonstrating improved service delivery, compliance, and efficiency gains.
- **Innovation & Adaptability (15%)** – Leveraging technology and innovative approaches to manage emerging risks.
- **Risk Culture & Capacity Building (15%)** – Promoting a risk-aware culture and investing in staff training.
- **Transparency, Ethics & Accountability (10%)** – Upholding ethical standards and transparent reporting.
- **Recognition & Stakeholder Endorsements (10%)** – Receiving commendations and positive feedback from stakeholders.

A Journey of Continuous Improvement

Since the establishment of the risk function in 2006, the Bank of Zambia has evolved from managing a limited set of risks to addressing a broad spectrum of risk types. This transformation reflects the Bank's proactive approach to embedding risk management into its operations and strategic decision-making.

The Board and Management extend heartfelt appreciation to all employees for their dedication and commitment to implementing the Risk Management Framework. Their efforts have positioned the Bank as a leader in risk excellence within the public sector.

Looking Ahead

Building on this achievement, the Bank will intensify efforts to strengthen its risk management framework. The goal is to ensure that risk management becomes a **continuous, strategic process**, fully integrated across all functions of the Bank. This approach will not only enhance the Bank's risk posture but also reinforce its role as a trusted guardian of financial stability.

The author is Business Continuity Management Expert, Risk and Compliance Department

STAKEHOLDERS CELEBRATE LAUNCH OF ZAMBIA GREEN FINANCE TAXONOMY

By Kabinda Kawesha

The Bank of Zambia (BoZ), as a member of the Green Finance Mainstreaming Working Group (GFMWG), proudly joins national stakeholders in celebrating the launch of the Zambia Green Finance Taxonomy (ZGFT).

Developed under the GFMWG and unveiled by the Ministry of Green Economy and Environment on Tuesday 2 December 2025, with this milestone, Zambia becomes one of the few African countries with a globally aligned yet locally relevant green finance Taxonomy which provides world-class clarity for evaluating and financing sustainable projects.

Why This Matters for the Financial Sector

For years, banks and financial services providers (FSPs) faced uncertainty around what qualifies as "green," thus slowing green lending and increased greenwashing risks. The ZGFT changes everything. For FSPs and the banking sector, it complements the Banking and Financial Services (Green Loans) Guidelines, 2023, giving banks and lenders a common, science-based reference point to:

- Assess green loans with confidence
- Strengthen risk management
- Boost financing for climate-smart and nature-positive projects
- Improve transparency across the financial system

Key Message From Government

Dr. Douty Chimbamba, Permanent Secretary, MGEE, captured the power of this milestone: "The Taxonomy provides a common reference point for banks, investors, regulators, and businesses, reducing uncertainty, enhancing transparency, and unlocking new financing for renewable energy, clean transport, agriculture, water management, and nature-positive value chains."

What's Next? The rollout begins now:

- Implementation support for banks and financial institutions
- Capacity-building for sector integration
- Nationwide dissemination & sensitisation across all provincial capitals

Zambia's financial sector is now better equipped to mobilize green capital at scale, driving a more resilient, competitive, and sustainable economy. Learn more about the Zambia Green Finance Taxonomy:

https://www.mgee.gov.zm/?page_id=7004

#BankofZambia #ZGFT #GreenFinance #GreenLoans #SustainableBanking #ClimateFinance #GreenEconomy #GFMWG #ZambiaGoingGreen

ZAMBIA DEVELOPS A ROADMAP FOR SMALL BUSINESSES TO GO GREEN

In Zambia, climate change poses significant threats to Micro, Small, and Medium Enterprises (MSMEs), which represent 97% of businesses and 88% of jobs. With support from AFI, the Ministry of Finance and National Planning has worked with partners to develop a Roadmap for Greening MSMEs, to encourage and enable small businesses to adopt green practices.

"The roadmap aims to empower MSMEs as drivers of climate adaptation, local innovation, and green job creation," says Laura Ramos, AFI Senior Policy Manager for Inclusive Green Finance. "Focusing on women-led, rural, youth-owned, and informal enterprises, it sets out a phased plan to align policy frameworks, mobilize green and affordable finance, and support enterprise readiness and market access.

"The roadmap proposes multiple targeted interventions, including:

- Tax breaks and fast-track licensing for green-certified MSMEs
- Establishment of a green finance coordination unit
- Preferential access to public procurement schemes for green-certified businesses
- Support for MSMEs to obtain green certification and enter green markets
- Green credit guarantee schemes, readiness facilities, and MSME clustering models to reduce investment risks and transaction costs for green financing.
- Establishment of national green funds, embedding green criteria in bank lending, and developing green loan products
- Public-private partnerships to lower costs of green technology access, shared green infrastructure, and subsidized leasing schemes for equipment
- Training programmes, business incubation hubs, and mentorship schemes to help MSMEs build capacity in green practices.

Source: *https://www.afi-global.org/news/zambia-develops-a-roadmap-for-small-businesses-to-go-green/*

NEWS IN BRIEF

By Barron Ngulukila and Taona Maonde

Dr. Situmbeko Musokotwane

Strengthening Reserves and External Stability

A standout achievement in 2025 was the significant improvement in Zambia's foreign exchange position.

- **Reserve Growth:** Gross international reserves climbed to **US$5.2 billion** by the second half of the year. This represents a **20% increase** from December 2024.
- **Import Cover:** These reserves provided approximately **5.2 months of import cover**, surpassing the Government's target of 3.0 months.
- **Liquidity Drivers:** This buildup was primarily driven by:
  - Disbursements from the IMF (approx. US$184 million from the 5th review).
  - Support from the World Bank.
  - The **Central Bank's** strategic market purchases to manage Kwacha volatility.

IMF Programme and Fiscal Milestones

Zambia maintained a "satisfactory" performance under its Extended Credit Facility (ECF) with the IMF, which acted as a signal of credibility to international investors.

- **Review Completions:** The IMF completed the fifth review in July 2025, and by December 2025, a staff-level agreement for the sixth and final review was reached.
- **Budget Support:** 50% of IMF funds were channelled directly toward budget support, allowing the Government to fund critical social services while still building reserves.
- **Debt Restructuring:** By mid-2025, Zambia had finalised agreements covering roughly 94% of its eligible external debt, leading S&P Global to upgrade the country's credit rating and officially remove its "default" status.

Macroeconomic Performance

After the 2024 drought, several indicators began to trend positively in 2025:

- **GDP Growth:** Real GDP growth for 2025 is projected at 5.2% to 5.8%, a sharp rebound from the 2.3% seen in 2024.
- **Inflation Control:** Inflation showed a downward trend, easing to 14.1% in June 2025 and closed the year at 11.2 % , supported by a more stable Kwacha and improved food supply.
- **Trade Surplus:** The country maintained a positive trade balance, supported by higher international copper prices and increased production volumes at major mines like Mopani and Konkola (KCM).

Bureau de Change Register: one license issued, six cancelled.

New Market Entry: *PDN Bureau de Change Limited was granted an operating license on January 8, 2025.*

Six licenses were cancelled in 2025. The majority of these exits were voluntary, though two firms were stripped of their operating status due to compliance failures.

Voluntary Surrenders:
Several entities chose to wind down operations or pivot their business models, resulting in the voluntary surrender of their licenses:

- ***Zamica Bureau de Change*** (March 5, 2025)
- ***Mill Bureau de Change*** (March 17, 2025)
- ***Contech Bureau de Change Limited*** (June 13, 2025)
- ***Dsight Finance Limited*** (December 16, 2025) – Non-deposit taking microfinance category.

Regulatory Enforcement:
Two firms had their licenses revoked on December 12, 2025, for failing to comply with governing laws and regulations:

- ***Don-Chi Bureau de Change Limited***
- ***Favour Bureau de Change*** **Limited**

PROJECT MANAGERS URGED TO EMBRACE AI AND INNOVATION TO DRIVE NATIONAL DEVELOPMENT

By Zambanker Reporter

The Bank of Zambia (BoZ) has called on project management professionals to transcend traditional roles and become strategic change agents by integrating Artificial Intelligence (AI) and emerging technologies into their workflows to foster national development.

Speaking at the Project Management Institute (PMI) Zambia Chapter Annual Conference, Deputy Governor-Administration, Mrs. Rekha Mhango, observed that disciplined project execution is the vital "bridge between vision and impact" for the nation's economy.

Addressing a gathering of industry experts under the theme "Driving Change, Fostering Development," Mrs. Mhango explained that successful project management in the modern era requires more than just meeting deadlines and budgets.

"In a world marked by rapid change, economic uncertainty, and evolving stakeholder expectations, as project managers, we must be more than taskmasters — we must be change agents. Therefore, we must endeavour to deliver projects that are inclusive, resilient, and responsive to the evolving needs of our people. This is the very essence of the project management profession, to deliver outcomes that are not only within scope, time, and budget, but also aligned with the broader goals of development and transformation," she said.

The Deputy Governor noted that the integration of AI and new methodologies is no longer optional but a strategic imperative to: promote operational efficiency and adaptability; empower managers to deliver high-quality, data-driven outcomes and enhance strategic decision-making through greater agility.

She also informed the meeting that the Bank of Zambia formally adopted the Project Management Body of Knowledge (PMBOK) in 2015 to embed global best practices into its "operational DNA.

"At the Bank, we have learned that disciplined project execution is the bridge between vision and impact. Therefore, project management is not merely a technical function, but a strategic imperative. It is a tool that has enabled us to successfully deliver on our strategic plan, modernise operations, and respond proactively to emerging challenges.

To date, the central bank has facilitated professional certification for 25 staff members across various prestigious frameworks, including PMP, PRINCE2, and CAPM. She also underscored its historical link to the profession's growth in the country, noting that the PMI Zambia Chapter's inaugural president, Namukulo Mwauluka, and several board members were drawn from the Bank's ranks," she explained.

Earlier Mrs Mhango said this year's theme resonates deeply with the transformative journey that various represented institutions and communities were undertaking as it spoke to the heart of what project management truly is: a disciplined approach to change, a structured pathway to progress, and a catalyst for sustainable development.

She said driving change requires courage—the courage to challenge outdated systems, to innovate, to lead with purpose and to foster a culture of continuous improvement, while fostering development, on the other hand, demands collaboration, agility, and a commitment to long-term impact.

"As project managers, you are, therefore, architects of this transformation and stewards of the much-desired progress," she said.

BOZ WARNS OF RISING TERROR FINANCING RISKS IN SOUTHERN AFRICA

By Zambanker Reporter

Dr. Francis Chipimo

The Bank of Zambia has warned that the country's financial sector faces increasing risks of money laundering and terrorist financing, urging heightened vigilance across all institutions.

Speaking at the official opening of the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) annual forum in Livingstone, Deputy Governor Dr. Francis Chipimo said the financial sector remains the "backbone of the economy," driving trade, investment, and inclusive growth, noting that its central role also makes it a prime target for criminals seeking to launder illicit proceeds or channel funds to terrorism and proliferation activities.

Dr. Chipimo cited recent regional assessments and Financial Action Task Force (FATF) reports, which show that terrorist financing is an emerging and growing threat in Southern Africa. He pointed to insurgent activity in neighbouring countries and the presence of illicit networks across the region, which often move funds through legitimate channels, including trade, remittances, and charitable organisations.

Dr Chipimo cautioned against the belief that Zambia is insulated from such threats, stressing that the country's integration into global financial systems increases exposure.

"People must not entertain the notion that Zambia is immune to threats both regional and beyond," he said. "We must remain vigilant to ensure that our financial system does not unwittingly facilitate illicit financial flows."

The Deputy Governor emphasised that compliance with targeted financial sanctions, robust customer due diligence, and effective monitoring measures are essential pillars for safeguarding the financial system.

This year's forum, organised by the Bank of Zambia, brought together key players in the financial sector, including commercial banks, the Financial Intelligence Centre, and the National Anti-Terrorism Centre, all working to strengthen the country's AML/CFT framework.

FNB AND AIRTEL MONEY LAUNCH INTEGRATED POS PAYMENT SOLUTION

By Zambanker Reporter

First National Bank (FNB) Zambia and Airtel Mobile Commerce Limited (Airtel Money) have launched a collaborative payment service called "**MNO** on **POS.**" The new product allows mobile money users to conduct cardless transactions directly from their digital wallets using FNB Point-of-Sale (POS) terminals.

The integration utilises the National Financial Switch (NFS), a platform established by the Bank of Zambia and various stakeholders to facilitate interoperability between different financial service providers. This development enables merchants to accept Airtel Money payments on existing FNB hardware, effectively streamlining digital transactions for both businesses and consumers.

Speaking during the launch, Deputy Governor-Administration Mrs Rekha Mhango said the development is gratifying and comes amid a sharp increase in the adoption of digital financial services (DFS) across Zambia, with active mobile money wallets growing from 1 million in 2017 to 13 million by the end of 2024.

The Deputy Governor stated that the "MNO on POS" initiative aligns with the National Payment System Vision and Strategy, which aims to: foster a 24/7 digital economy; increase merchant acceptance of electronic payments, particularly among Micro, Small, and Medium Enterprises (MSMEs); and bridge the financial service gap between urban and rural districts.

Ms. Rekha Mhango

"By providing a unified payment interface, the central bank expects to see improved fund management for merchants and greater convenience for the "underserved and underbanked" populations," she said. One of the Bank of Zambia's key objectives is to create an enabling regulatory environment for the payment systems landscape. The Bank has been promoting innovative payment products and services, whose benefits can cascade to the underserved and underbanked through increased access and usage of Digital Financial Services (DFS). By promoting such innovations, the Bank believes that financial inclusion can be further enhanced in the country. Despite the push for innovation, Mrs Mhango said while innovation drives progress, it must be carefully managed to avoid systemic risks because disruptions in financial services — whether through outages, breaches, or failures can have far-reaching consequences for the real economy.

"Cyber attacks, for example, are a growing threat to the entire financial system, and any negligence could heighten this risk. The vulnerability of financial activity to cyber-attacks is likely to be higher as systems become more interconnected. We, therefore, encourage FNB and Airtel to ensure that the systems are always secure and resilient," she implored.

The 2020 FinScope Survey revealed that the level of overall financial inclusion increased to 69% from 59% in 2015. This growth was mainly attributed to the increased uptake of digital financial services, particularly mobile money, which rose to about 58% from 14% in 2015.

RISING ONLINE SCAMS ENDANGER SMALL BUSINESSES

By Zambanker Reporter

The Bank of Zambia (BoZ) has raised concern over the growing vulnerability of small businesses to online fraud and Ponzi schemes, urging increased community sensitisation to protect people's hard-earned income.

Speaking at the launch of the two-day Financial Literacy and Capacity Building Conference and Mentorship for Inmates at Mulungushi, Mr Collins Muchipu, Assistant Manager, Financial Conduct Supervision at Bank of Zambia said many small businesses fall prey to fraudulent schemes as they search for loans to sustain their operations.

"Small businesses are at high risk of being defrauded because they are always looking for support to grow their enterprises," said Muchipu. He said communities need education and awareness about fraudsters who are now using different online schemes to deceive people and rob them of their income.

Muchipu noted that online fraud has become increasingly difficult to regulate because a significant number of fraudulent platforms operate from outside Zambia, placing them beyond the jurisdiction of local authorities. "This has created a major challenge in curbing digital financial crime," he indicated.

He emphasised that the role of the Bank of Zambia is to ensure continuous sensitisation on financial fraud, while encouraging stronger collaboration with churches, clubs and financial institutions to strengthen awareness efforts.

Mr. Muchipu emphasised the importance of communities safeguarding what they have worked hard to achieve, noting that initiatives where people form clubs to generate income are particularly encouraging, as they reflect meaningful second chances and the Bank is ready to support such efforts.

Speaking at the same function on behalf of Eagles Ladies Club Patron, Mrs. Angela Solochi, National Executive Committee Member, Mrs. Kasonde Mulenga emphasised that economic empowerment was one of the most effective pathways to lasting change.

She noted that when people learn to manage resources, access opportunities and grow enterprises, they become more resilient and better positioned to contribute meaningfully to their communities.

"This is why we are always ready to support collaborative initiatives that promote reintegration, especially for vulnerable groups who are determined to rewrite their stories," Mrs. Mulenga said.

The conference was organised by the Mukobeko Group of Prisons Ex-Prisoners Multipurpose Club (MUGOPEP-MPC), where ex-prisoners showcased various products and materials developed through their clubs and rehabilitation programmes. The Bank supported the clubs with Sewing Machines.

SWAKOPMUND CALL TO ACTION: EMPOWERING SOCIETIES AND ENABLING GROWTH THROUGH INCLUSIVE FINANCE

In September 2025, the members of the Alliance for Financial Inclusion (AFI) convened in Swakopmund, Namibia, at the 2025 Global Policy Forum (GPF), under the theme of "Empowering Society, Enabling Growth," and issued the Swakopmund Call to Action.

The Swakopmund Call to Action affirms the collective commitment of AFI members to ensure that financial systems not only include, but enable. It stresses financial inclusion's role as a pillar of public purpose and value, serving all sections of society, unlocking human potential, driving empowerment, improving livelihoods, and promoting inclusive, resilient growth. It further calls for financial inclusion to extend beyond access, to the effective usage of quality, affordable and adequate financial services.

The shared commitments of the AFI members, under the Swakopmund Call to Action are:

1. Accelerate Inclusive Growth and Resilience

- Embed equity, gender responsiveness, and environmental sustainability in national strategies and regulatory frameworks.
- Support adaptive financial ecosystems that strengthen climate and economic resilience.
- Build society's financial literacy through targeted education programmes for youth, women, and vulnerable populations.

2. Leverage Digital Finance to Expand Access and Opportunity

- Build inclusive pathways to financial services that are affordable, tailored to people's needs, and which open access to education, health, and other vital services.
- Leverage responsible innovation, and promote interoperable digital ecosystems, including payment systems, digital IDs, data exchange infrastructures, and regulatory digital utilities, to address gaps and inequalities.
- Ensure digital financial services (DFS) and digital infrastructure are built around inclusivity, security, trust, public value, and user empowerment, supported by robust and scalable technological foundations that safeguard continuity, availability, and data integrity.

3. Strengthen Impact Measurement, Accountability and Evidence-based Policy

- Commit to robust measurement of progress, sharing of data and best practices, and transparent reporting.
- Measure progress using disaggregated data, shared metrics, and standardised indicators, and promote the use of benchmarking tools such as the AFI Data Portal.
- Embed peer learning, progress tracking and evidence-based policymaking into our institutions.
- Build inclusive, disaggregated data ecosystems that inform evidence-based decision-making.

4. Foster Livelihoods, Job Creation and Sustainable Enterprise

- Develop enabling policy and regulatory environments which expand equitable access to finance for MSMEs (small businesses), women, youth, people with disabilities, and underserved communities.
- Scale public-private partnerships that promote job creation, bring people into formal economies, and drive inclusive economic participation.

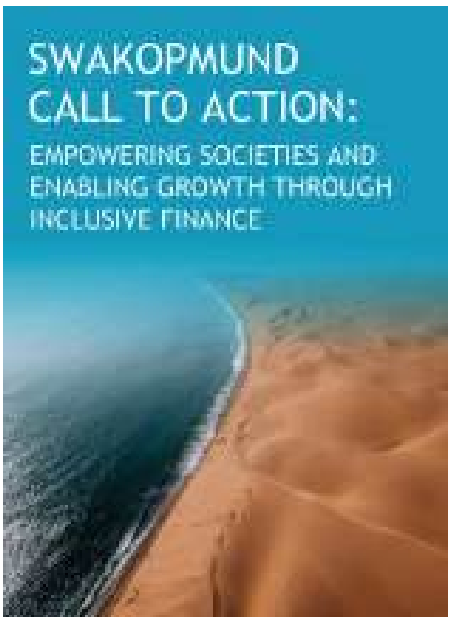
5. Promote Housing Sustainability and Financial Mobility

- Advance financial solutions and policies that ensure access to safe, affordable, and sustainable housing for all.
- Design mechanisms that support forcibly displaced and migrant populations, facilitating cross-border financial inclusion, remittance access, and socio-economic integration.

6. Call on Mobilisation of Additional Resources

- A global call to action on policymakers, regulators, financial institutions, the private sector actors, stakeholders, and development partners to move beyond commitments and actively mobilise the full spectrum of resources required to deliver bold, inclusive, and impactful solutions. This includes sustained financial investment, deep technical expertise, skilled talent, enabling technologies, and, critically, a renewed sense of public purpose.

https://www.afi-global.org/publication/swakopmund-call-to-action/



WHAT'S TRENDING
NEWS FROM AROUND THE WORLD

WORLD ECONOMIC FORUM CHIEF WARNS OF THREE POSSIBLP 'BUBBLES' IN GLOBAL ECONOMY

By Oliver Griffin – Reuters

The world should watch out for three possible bubbles in financial markets, including artificial intelligence, the head of the World Economic Forum said, in comments that came amid sharp falls in global technology stocks.

Brokers and analysts say the falls are a cause for caution but not panic as markets have been touching record highs and some valuations are looking overblown.

"We could possibly see bubbles moving forward. One is a crypto bubble, second an AI bubble, and the third would be a debt bubble," WEF President Borge Brende told reporters during a visit to Brazil's financial hub, Sao Paolo.

Governments have not been so heavily indebted since 1945, he added.

Markets have for months shrugged off concerns over elevated interest rates, stubborn inflation and trade turmoil, pushing higher partly on expectations that AI could transform the prospects for the global economy and businesses.

AI offers the possibility of big productivity gains but could also threaten many white-collar jobs, said Brende, whose organisation is best known for its annual meetings at Davos, Switzerland, where business and political leaders discuss pressing global challenges.

"What you could - worst case - see is that... there is a 'Rust Belt' in those big cities that have a lot of back offices with white-collar workers that can more easily be replaced by this AI and increased productivity," Brende said, citing recent job cut announcements from companies such as Amazon and Nestle.

"We also know from history that technological changes over time lead to increased productivity, and productivity is the only way over time to increase prosperity," he added. "Then you can pay people better salaries, and you have more prosperity in society."

https://money.usnews.com/investing/news/articles/2025-11-05/world-economic-forum-chief-warns-of-three-possible-bubbles-in-global-economy

VISA PREPARES MERCHANTS FOR AI AT THE CHECKOUT

Visa is on track to offer artificial intelligence-enabled commerce to consumers within months and expects that millions of consumers will be using AI agents to complete purchases by the end of 2026. The company said on December 18, 2025 that it and several partners have successfully completed hundreds of agent-initiated transactions.

"This holiday season marks the end of an era," Rubail Birwadker, Senior Vice President, Head of Growth Products and Partnerships at Visa, said in a Press Release. "In 2026, AI agents won't just assist your shopping — they will complete your purchases, powered by Visa's global scale, standards leadership and unparalleled commitment to secure agentic commerce."

This progress toward agentic commerce builds on the Visa Intelligence Commerce (VIC) initiative launched earlier this year, as well as Visa's work with more than 100 partners around the world, according to the release.
More than 30 partners are building within the VIC sandbox, more than 20 agents and agent enablers are integrating directly with VIC, and hundreds of controlled, real-world agent-initiated-consumer and B2B transactions have been completed, the release said.

Visa unveiled Visa Intelligent Commerce in April, saying the programme opens the network's rails to developers building AI agents that search, recommend and pay on behalf of consumers.

"This is going to transform shopping and buying — we're letting AI developers and engineers use the Visa network to allow AI agents to find, and buy, on [the consumer's] behalf in a seamless and safe way," Mark Nelsen, Global Head of Consumers Products at Visa, told PYMNTS CEO Karen Webster in an interview posted in April.
In October, Visa introduced the Trusted Agent Protocol, a tool created in partnership with Worldpay and Cloudflare and designed to allow secure communication between merchants and AI agents.

"For the past year, we've worked closely with sellers, issuers and partners to make sure agent-initiated transactions are as seamless and secure as any payment today," Jack Forestell, Chief Product and Strategy Officer at Visa, said at the time in a Press Release. "Our new agent protocol is focused on creating no-code functionality for merchants to securely identify agents with an intent to buy and provide a better payment and personalised experience for its known users."

Source PYMNTS:
https://www.pymnts.com/artificial-intelligence-2/2025/visa-says-millions-of-consumers-will-use-agentic-commerce-by-late-2026/

INFLATION DYNAMICS IN ZAMBIA

By Jonathan M. Chipili (Dr)

Introduction

Inflation has varied widely in Zambia since 1964. It was broadly in single digits between 1964 and 1974 but rose rapidly from 1975 and peaked at 183.3% in 1993. The key drivers of high inflation during this period were excessive money supply growth induced by fiscal deficit financing and the sharp depreciation of the exchange rate (Mutoti, 2006; Mwansa, 1998; Mwenda, 1997; Pamu & Simuchile, 2004). Inflation decelerated sharply in 1994 and fell below 30% by 1997, largely driven by the impact of the tight fiscal and monetary policy stance in early 1990s as part of broader structural reforms taken to liberalise the economy. After returning to single digits by mid-2000, inflation rebounded and accelerated to 21.1% in December 2015 from 7.9% in December 2014 before receding to 6.6% in 2017. The sharp depreciation of the exchange rate, increases in fuel prices and the low supply of maize (staple food) contributed to the resurgence in strong inflationary pressures in 2015. A further rise in inflation from 2018 to 2021 was mostly attributed to the depreciation of the exchange rate, increases in fuel prices and low supply of food items, such as, meat products and vegetables. The deceleration in inflation at end-2022 to 9.9% from 16.4% at-end 2021 was attributed to the appreciation of the exchange rate, dissipation of past shocks to some CPI products and improved supply of some food products. In 2023, inflation rose to 13.1% due to the low supply of maize, higher energy (fuel and electricity) prices and depreciation of the exchange rate. Besides the foregoing factors, Zombe et al. (2017) and Bulawayo et al. (2018) attribute the rise in inflation from the 1990s to the effects of trade openness.

Despite declining considerably after 1994, inflation has been volatile and generally trended above the target. This is despite the central bank broadly running a tight monetary policy stance. The current study, therefore, builds on the aforesaid empirical work to have a deeper understanding of the underlying drivers of inflation post-liberalisation (1994q1-2023q1) period when price controls were abolished and a flexible exchange rate regime adopted. This is important for policymakers to develop a robust response framework that considers structural influences on inflation (Akinboade et al., 2004).

A disaggregated modelling approach that utilises the sub-components of a price index measuring inflation is used to estimate a single-equation model. The model incorporates multiple determinants as well as lagged deviations from long-run relationships in both money and foreign sector markets (Adam et al., 2016; Diouf, 2007; Durevall et al., 2013). The sub-components provide higher information content and increase inflation forecasting accuracy. This is particularly useful if the dynamic properties of individual components making up a price index vary. By utilising sub-components, the problem of forcing each component of the price index to have the same specification and response to potential factors is avoided.

In this study, the single-equation inflation model utilises both food and non-food sub-components of the consumer price index (CPI)—a measure of overall inflation. The long-run determinants of food and non-food inflation determined in both external and monetary sectors and other potential factors suggested by theoretical models and empirical literature are incorporated in the model. The model also takes into account supply constraints, not considered in previous studies on Zambia alluded to earlier, due to the significant share of food (55%) in the CPI basket. Durevall et al. (2013) suggested that world food prices and domestic agricultural production should be explicitly included in empirical models of inflation in developing economies where the CPI is dominated by food prices to warrant robust results.

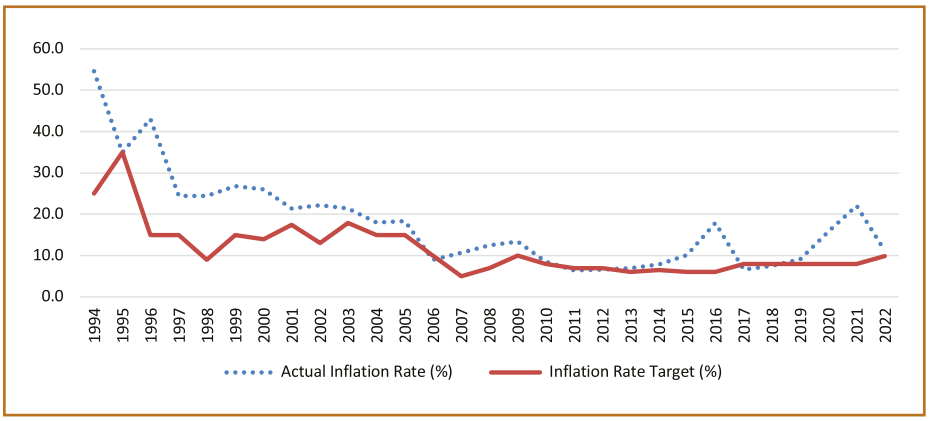
Broadly, evidence from the single-equation model literature points to monetary and external sectors as long-run sources of inflation (Adam et al., 2016; Diouf, 2007; Durevall et al., 2013; Durevall & Ndung'u, 2001; Kinda, 2011). In the short-run, inflation is found to be driven by a combination of demand and supply-side factors. The empirical results in this study point to similar findings that the external non-food and monetary sectors drive overall domestic prices in the long-run in Zambia. In the short-run, inflation is driven by the depreciation of the exchange rate, increases in energy prices, imported inflation from South Africa and supply constraints proxied by maize grain prices. Further, the behaviour of overall inflation reflects the underlying determinants of both food and non-food inflation sub-components and highlight the interplay of both demand and supply-side factors.

Brief description of inflation in Zambia

Inflation fell sharply in 1994 to 54.6% from a peak of 183.3% in 1993, largely attributed to the effects of economic reforms adopted by Government to restore macroeconomic stability (Figure 1). During this period, an aggressive disinflationary stance was prioritised after a prolonged period of stagflation. The reforms included trade and foreign exchange liberalisation, price de-regulation and tighter financial management.

The Government also implemented a cash budget system complemented by a tight monetary policy stance to restrain excessive money supply growth (Bank of Zambia, 1994) Inflation moderated and fell below 20% by the end of 2004 and to single digits in 2006. However, it rose gradually to 13.4% in 2009 and sharply to 17.9% in 2016. This followed the unprecedented sharp depreciation of the Kwacha against the US dollar. Inflationary pressures re-emerged towards the end of the second quarter of 2019, leading to inflation exceeding the target band of 6%–8%4 by the end of the year. This was largely due to the rise in food prices.

Figure 1. Actual inflation versus target (annual average % change): 1994–2022



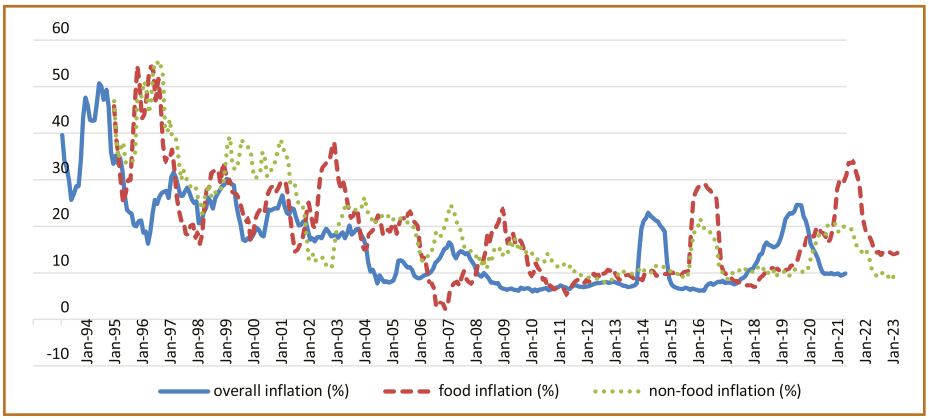
Source: Zambia Statistics Agency, Bank of Zambia, and author computations.

Inflation moderated and fell below 20% by the end of 2004 and to single digits in 2006. However, it rose gradually to 13.4% in 2009 and sharply to 17.9% in 2016. This followed the unprecedented sharp depreciation of the Kwacha against the US dollar. Inflationary pressures re-emerged towards the end of the second quarter of 2019, leading to inflation exceeding the target band of 6%–8%4 by the end of the year. This was largely due to the rise in food prices and depreciation of the exchange rate. Inflationary pressures intensified and inflation deviated further away from the target band in 2020 and 2021. The sharp depreciation of the exchange rate, increases in fuel prices and low supply of meat products and vegetables were the key drivers of inflation during this period. Inflationary pressures receded in 2022 and inflation moderated significantly to 9.9% at the end of the year from 16.4% a year earlier. This was mostly driven by the appreciation of the exchange rate, dissipation of past shocks to some CPI products and improved supply of selected food products. Inflation was broadly stable at 9% during the first quarter of 2023 after ending the previous year at 9.9%.

By and large, overall inflation in Zambia tends to closely track food inflation (Figure 2). The excess supply of maize due to a favourable agricultural season contributed to the decline in food inflation and in turn overall inflation in 2006. Further evidence of the importance of a favourable agricultural season was observed in 2010 and 2017 when inflation slowed down largely on account of a maize bumper harvest. Conversely, periods of drought (1995, 1998, 2001, 2003, 2005, 2013, 2015, 2016, and 2018) are associated with high inflation (Figure 2). The dependence of agricultural production on rainfall and the substantially large weight of food in the CPI basket makes inflation susceptible to variations in weather conditions. This underscores the significance of supply shocks on overall inflation. A large body of evidence on agricultural crop production dependence on rainfall and its effect on inflation exists for

several sub-Saharan African (SSA) countries (Diouf, 2007).

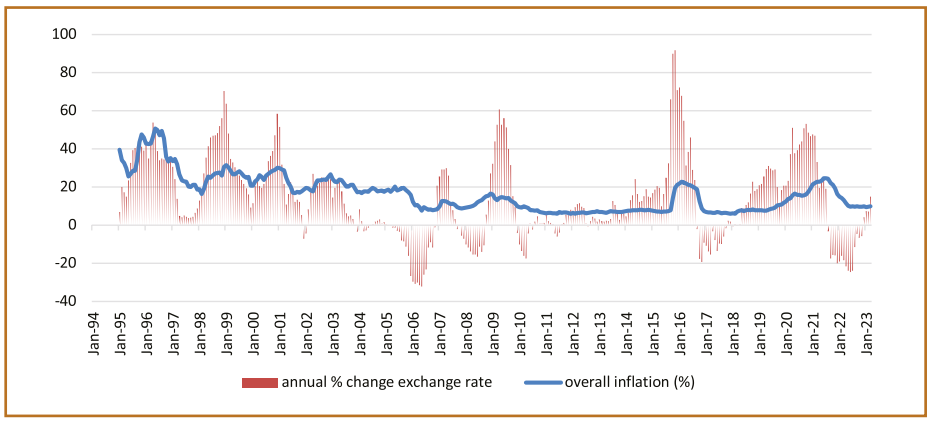
Figure 2. Overall Inflation and its Components (annual % change)



Source: Bank of Zambia, and author computations.

In an open economy setting, external shocks are transmitted to domestic prices through the exchange rate. This makes commodity-dependent economies like Zambia vulnerable to commodity price fluctuations as principal commodity exports have a significant bearing on the overall performance of the economy (Cerda, 2007). Chipili (2016) provides evidence of the Kwacha as a commodity currency—movements in the Kwacha exchange rate are affected by changes in copper prices over time. The passthrough from the depreciation of the Kwacha to CPI inflation in Zambia ranges between 0.41 and 0.49 (Zgambo, 2015). Aron et al. provide a comprehensive review and evidence on the pass-through from changes in the exchange rate to domestic CPI in developing and emerging market economies that include Zambia.

Figure 3. Overall Inflation and Changes in the Exchange Rate (%)



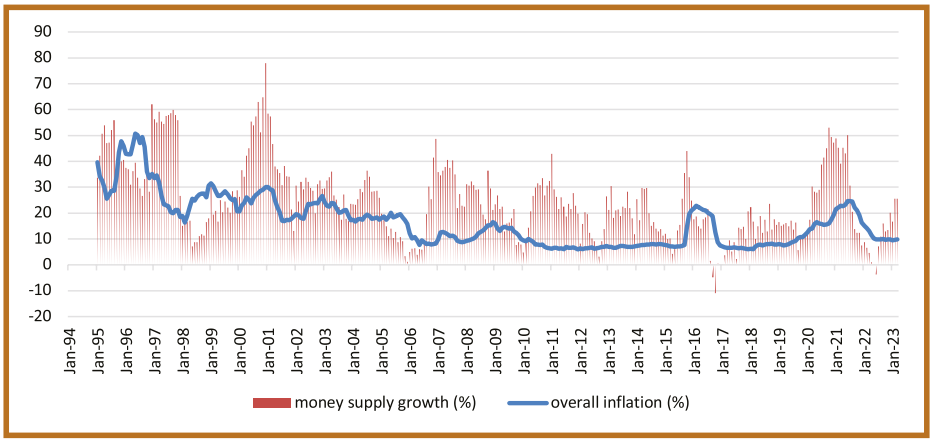
Source: Zambia Statistics Agency, Bank of Zambia, and author computations.

It is noteworthy that periods of sustained and occasional sharp depreciation of the Kwacha against the US dollar (1995/96, 1997/98, 2000, 2008/09, and 2015) are associated with rising inflation (Figure 3). Conversely, the fall in inflation, notably in December 2005 and May 2006, as well as between September.

Note: A positive change in the exchange rate denotes depreciation and a negative change an appreciation.

There are traces of a predicted positive relationship between money supply growth and inflation with a lag in Figure 4. For instance, inflation generally rose when money supply grew steadily from mid-1998 and peaked in December 2000. The exception was 1999 when inflation trended downward. However, the declining trend in inflation from mid-1996 until early 1998 and between 2010 and 2011 was not associated with relatively strong money supply growth.

Figure 4. Overall inflation and money supply Growth (%)



Source: Zambia Statistics Agency, Bank of Zambia, and author computations.

From the foregoing, it is noted that inflation overshot the target for most part of the sample period (Figure 1). In addition, after a sustained decline, inflation stabilised between 2011 and mid-2015 but exhibited cyclical behaviour afterwards with notable spikes in 2015/16 and 2021 mostly attributed to shocks to the exchange rate. In view of this, it is imperative to have a deeper appreciation of the underlying drivers of inflation. This is critical for designing an appropriate response framework to support the policy goal of price stability.

The author is Director of Research

CYBERSECURITY IN THE BANKING SECTOR: MEASURES TAKEN TO PROTECT ZAMBIA'S FINANCIAL SYSTEM FROM ONLINE FRAUD, CYBER THREATS AND EXTERNAL INTERFERENCE

By Tendai Luwabelwa

The financial system stability mandate of the Bank of Zambia (BoZ) is to preserve a financial system that is stable, sound, and resilient to financial and economic shocks. In turn, a resilient financial system promotes public confidence ensuring continuity of financial services and supporting sustainable economic growth and development.

As Zambia's financial sector continues to digitise and modernise, cybersecurity and digital fraud have emerged as material systemic risks. The increasing reliance on Digital Financial Services (DFS) has improved financial inclusion and efficiency but has simultaneously expanded the sector's exposure to cyber threats. Addressing these risks is now critical to maintaining financial stability and protecting consumers.

The rapid growth of DFS, driven by high mobile phone penetration, a youthful population, and demand for accessible financial services has significantly increased both the volume and value of transactions. Between 2020 and 2024, mobile money, online banking, and fintech platforms experienced substantial growth, reinforcing their importance to economic activity and financial inclusion.

INCREASED RISK PROFILE

The interconnectedness of banks, mobile network operators, fintechs, and third-party service providers has created a complex digital ecosystem where cyber incidents can propagate rapidly across institutions. The sector is facing escalating cyber threats from a diverse range of malicious actors, including organised criminal groups, insider threats, and increasingly sophisticated cybercriminal networks. These actors exploit technological vulnerabilities to steal data, defraud customers, disrupt operations, and erode trust in financial institutions.

Zambia's financial sector is at an inflection point in its cybersecurity journey. National efforts have strengthened the country's position globally, evidenced by its Tier 2 ranking in the International Telecommunication Union (ITU) Global Cybersecurity Index. However, there remains a pressing need for sector specific capabilities to address growing threats and operational risks in the digital domain.

RECENT INTERVENTIONS BY THE BANK OF ZAMBIA

In response to these challenges, the BoZ has taken proactive steps to enhance the financial sector's cyber resilience. A key initiative is the establishment of the Financial Sector Cyber Incident Response Team (FinCIRT), which addresses the need for coordinated action. FinCIRT is a forward-looking platform designed to strengthening cyber resilience, improve incident coordination, and enable intelligence sharing across Commercial Banks, Payment Service Providers (PSPs), Microfinance Institutions, and other regulated entities.

This initiative aligns fully with the BoZ's mandate under the Banking and Financial Services Act (BFSA) of 2017, National Payment Systems Act of 2007 and the Credit Reporting Act of 2018. It also complies with the recently enacted Cyber Security Act No. 3 of 2025, which mandates the creation of sectoral Cyber Incident Response Teams (CIRTs), promotes sectoral threat intelligence and the protection of Critical Information Infrastructure (CII). The BoZ issued the BoZ Cyber and Information Risk Management Guidelines of 2023, prescribing minimum requirements for cyber and information risk management for regulated entities.

STRUCTURE OF THE FINCIRT

The FinCIRT is a specialised group of technical professionals equipped with cutting-edge cyber tools whose primary role is to respond to cyber security breaches, malware intrusions, and other potentially catastrophic incidents within the financial sector. Beyond incident response, the FinCIRT will serve as a reliable, trusted, and centralised point of cyber intelligence, information sharing and

collaboration across the financial sector. The core functions of FinCIRT will be implemented in phases and include:

Early Threat Detection: Proactive monitoring, analysis, and identification of emerging cyber threats targeting the financial sector;

1. **Rapid Incident Response:** Implementation of a coordinated and timely response to cyber incidents, including containment, recovery, and forensic analysis;
2. **Vulnerability Management:** Conducting proactive assessments, compliance audits, and penetration testing to identify and remediate vulnerabilities in financial systems and infrastructure;
3. **Information Sharing:** Facilitating the exchange of threat intelligence reports, best practices, and incident data among stakeholders to enhance collective defences; and
4. **Capacity Building:** Provide training, technical assistance, and resources to empower financial institutions to strengthen their cybersecurity defences.

EXPECTED BENEFITS

The establishment of the FinCIRT by the BoZ is expected to yield the following benefits:

a. **Enhanced Cyber Resilience:** By providing centralised coordination, threat intelligence, and incident response capabilities, the FinCIRT will strengthen the financial sector's ability to withstand and mitigate the impact of cyber threats;
b. **Improved Collaboration:** The FinCIRT will foster collaboration, information sharing, and joint response efforts among financial institutions, regulatory agencies, and other stakeholders, thereby strengthening the collective ability to detect, prevent, and respond to cyber incidents;
c. **Timely Incident Response:** Through rapid incident reporting, coordination, and resource mobilisation, the FinCIRT will facilitate timely and effective response to cyber incidents, minimising the duration and severity of disruptions to financial services;
d. **Regulatory Compliance:** Financial Service Providers (FSPs) compliance with Cyber and Information Risk guidelines of 2023 and other regulatory expectations will be easily facilitated through guidance, support, and technical assistance provided by the FinCIRT, ensuring alignment with regulatory requirements and industry standards; and
e. **Public Confidence:** The FinCIRT's proactive approach to cybersecurity governance, incident coordination, and public awareness will enhance consumer trust, and the overall reputation of the financial sector.

LOOKING AHEAD AND SUSTAINABILITY

The implementation of the FinCIRT is being advanced through a structured and internationally aligned methodology supported by technical assistance from experts. This collaboration has resulted in the development of a comprehensive FinCIRT Blueprint, which provides a phased roadmap to guide the design, deployment, and scaling of the initiative. A sector wide readiness assessment conducted as part of this process has established material gaps across governance, processes, and technology, including the absence of centralised cyber incident coordination, limited threat intelligence sharing practices, undefined incident classification frameworks, reliance on manual reporting mechanisms, and constrained detection and monitoring capabilities. In response, the FinCIRT has been designed to operate under a hybrid model in which supervised institutions act as first responders, while the FinCIRT serves as the escalation point, coordination hub, and central intelligence sharing capability. The implementation approach is anchored on international best practice for Cybersecurity guidelines, ensuring a balanced focus on strategic planning, operational readiness, stakeholder alignment, and sustainable capability development.

CONCLUSION

The phased strategic roadmap for the FinCIRT reflects a deliberate and sustainable approach to strengthening sector wide cyber resilience. Beginning with targeted quick wins and readiness improvements, the roadmap progressively advances toward full operationalisation and integration across all regulated financial service providers by 2027. The current design phase has focused on defining the operating model, governance and escalation arrangements, information sharing mechanisms, technology enablement, and skills development framework, laying a solid foundation for subsequent infrastructure deployment, pilot onboarding, and sector wide exercises. Over time, the expansion of participation, the conducting of cyber drills, and the formalisation of regional cooperation with peer CIRTs will further embed resilience and collective defence within the financial system. Taken together, these measures underscore the Bank of Zambia's commitment to a coordinated, intelligence led, and forward-looking cybersecurity posture that supports financial stability, protects consumers, and sustains confidence in Zambia's increasingly digital financial sector.

The author is Principal Examiner in the Prudential Supervision Department

WHAT HAPPENS WHEN SURVEY MODES CHANGE ABRUPTLY? EVIDENCE FROM ZAMBIA DURING THE COVID-19 PANDEMIC

By Patricia Funjika (Dr), Barbara Muntanga, Mary Nketani

The COVID-19 pandemic compelled institutions worldwide to rethink how routine activities were carried out. For data-producing organisations such as the Bank of Zambia, one of the challenges was finding ways to continue collecting reliable survey data when face-to-face fieldwork was no longer possible. We draw on a business opinion survey to examine the transition from traditional fieldwork to online data collection, and what the shift reveals about the opportunities and challenges of digital surveys in developing countries.

Business surveys play an important role in assessing the general direction of economic changes and provide valuable information to policymakers. These surveys are an important means of assessing the macroeconomic environment and expectations by major stakeholders in the private sector (firms). This information is also critical for monetary authorities in anchoring inflation expectations. As with all surveys, the mode of data collection is a critical aspect that

Quelle: MACLEG - stock.adobe.com

may determine whether the survey is successfully undertaken or not.

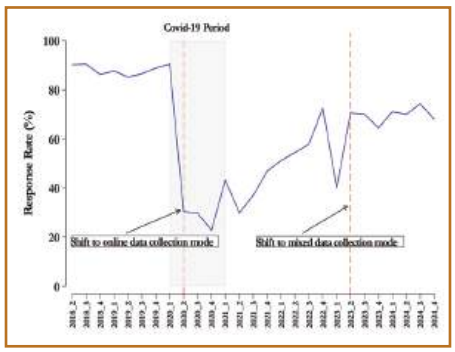
In recent years, there has been a shift toward increased use of computers in data collection, self-administration, and adoption of mixed-mode designs for business surveys. In developed economies, online and web-based surveys are predominantly utilised due to high internet penetration, digital literacy and cost efficiency. In contrast, developing and emerging market economies primarily rely on face-to-face and mixed-mode interviews due to limited internet access. However, online surveys are gradually gaining traction, particularly in urban areas with better internet connectivity.

The Bank of Zambia's Quarterly Survey of Business Opinion and Expectations (QSBOE) provides input into the central bank's evaluation of the prevailing business environment and short-term economic expectations held by businesses. Since its inception in 1993, the QSBOE has been conducted using physically administered paper-based questionnaires. Prior to the COVID-19 pandemic, plans were underway to transition to electronic data collection. Migration to electronic surveys was meant to be gradual while sensitising respondents on the new survey methodology. However, following the advent of the COVID-19 pandemic and subsequent containment measures that included mobility restrictions, the transition to electronic data collection was immediately implemented. Our research paper compares the effects of the drastic change in data collection method from physical in-person data collection to online (remote) surveys on survey response rates and data quality.

What happened when there was a change in data collection mode?

Using data from ten rounds of the QSBOE, five conducted between Q1 2019 and Q1 2020, and five during the subsequent quarters coinciding with the COVID-19 pandemic, we observe a marked decline in response rates, particularly among firms in less urbanised areas and in sectors with limited digital capacity (Figure 1). Despite the reduction in participation, the overall quality of responses improved, evidenced by a significant decline in item nonresponse following the transition. These findings suggest that, while the shift in survey mode may have reduced inclusivity, it enhanced data quality.

Figure 1: Trend in the QSBOE Response Rate



Notes: The figure shows the trend in the QSBOE response rate between 2018 and 2024. The shaded area covers the period when the COVID-19 global epidemic occurred. ***Source: Authors computation.***

Generally, our findings highlight both the challenges and benefits associated with online data collection, particularly in contexts where internet access, digital infrastructure or participant familiarity with digital platforms may be limited.

COVID-19 as a contextual factor in the mode change.

The drop in the response rate was exacerbated by the COVID-19 pandemic, which negatively affected business operations and was characterised by a shift to remote work and closures of some companies mainly in the transport, services, tourism and hospitality sectors. Some firms did not respond to the online survey due to changes in staffing levels during the COVID-19 period. After easing of COVID-19 restrictions, physical interactions with firms resumed, and this combined with continuous sensitisation, has led to a gradual recovery in the response rates.

Policy implications: balancing coverage and data quality in survey design.

The findings have policy implications for the design and implementation of business surveys in low and middle-income country contexts. Given the persistent reliance on physical data collection, particularly among firms in less urbanised regions and those with limited digital capacity, national policy efforts to expand digital survey infrastructure must be matched with targeted investment in connectivity, digital literacy, and institutional trust.

In addition, the relatively lower uptake of online surveys compared to developed countries highlights the risk of under-representing certain segments of the private sector especially rural or smaller informal firms if digital-only approaches are pursued. Policymakers and statistical agencies should therefore adopt mixed-mode strategies that preserve the inclusiveness of traditional methods while incrementally building the foundation for broader digital engagement. Doing so not only enhances the representativeness and resilience of data systems but also supports more responsive and evidence-informed decision-making in times of crisis or disruption.

Further, the stability and magnitude of response rates in the physical and mixed mode reaffirms the continued relevance of in-person methods, especially when high response rates are critical for the validity and representativeness of survey findings.

This submission draws on analysis presented in the Bank of Zambia working paper 'From Physical to Online: Examining the Impact of a Sudden Shift in Business Opinion Survey Data Collection Mode in Zambia During COVID-19.'

The authors are: Senior Economist-Field Survey-Statistics Department, Executive Assistant to the Deputy Governor-Administration and Examiner-Prudential Supervision Department, respectively.

BANK OF ZAMBIA GOES HIGH-TECH: INSIDE THE CURRENCY MANAGEMENT REVOLUTION

By Namukulo Mwauluka and Chimuka Kasempa

In a bold leap toward digital transformation, the Bank of Zambia (BoZ) has reimagined how currency is managed before it is pumped into the nation's economy. Forget the dusty image of cash counting rooms, this is a story of automation, precision, and futuristic machines humming at the heart of Zambia's economy.

Why It Matters

Currency management isn't just a back-office chore; it's a constitutional mandate. Under Article 213 of the Zambian Constitution and the Bank of Zambia Act No. 5 of 2022, BoZ must ensure the country's money is secure, authentic, and abundant. Every kwacha in your pocket owes its legitimacy to this function. Now, thanks to cutting-edge technology, that process is faster, smarter, and greener.

The Machines Behind the Magic

The first phase of this transformation introduced the **BPS® Mevo®**, a next-generation banknote processing system from German tech giant **Giesecke+Devrient (G+D)**. These machines don't just count cash, they authenticate, sort, and bundle it with surgical precision. Counterfeit detection is enhanced with security features that even the naked eye cannot see. Damaged and soiled notes are detected and shredded on the spot.

Serial numbers are captured and logged in real time.

Commissioned in December 2024, the BPS Mevo® system turned heads during its debut. The Deputy Governor for Operations, Dr. Francis Chipimo, watched as stacks of currency glided through automated feeders, requiring minimal human touch. The result: higher throughput, tighter security, and a seamless interface that talks to other systems like a pro.

The Software Revolution

Phase two was all about implementing smart software. Enter the **Compass Cash Centre Solution**, the backbone of BoZ's new **Currency Automation System (CAS)**. This software does what spreadsheets never could, tracking every banknote from birth to retirement. With barcode-tagged trays and mapped storage locations, BoZ can now trace a note's entire life cycle, forecast demand with surgical accuracy, and even assisting with determining reorder quantities.

CAS went live on **October 13, 2025**, after rigorous testing. It now integrates with BoZ's core banking system and the Zambia Interbank Payment and Settlement System (**ZIPSS**), making it possible to seamlessly process orders for commercial banks. Translating into fewer delays, fewer errors, and a system can practically run itself.

What's Next?

BoZ isn't stopping here. Plans are underway for:

- **Conveyor systems** to move cash effortlessly from vaults to processing centers.
- **Data analytics modules** to monitor security features and banknote lifespans.
- **Eco-friendly packaging** for processed currency, aligning with the Bank's green policy.

The Bigger Picture

This isn't just about machines and software. It's about trust, efficiency, and sustainability. By automating currency management, BoZ is safeguarding Zambia's financial stability while embracing a future where technology and tradition coexist.

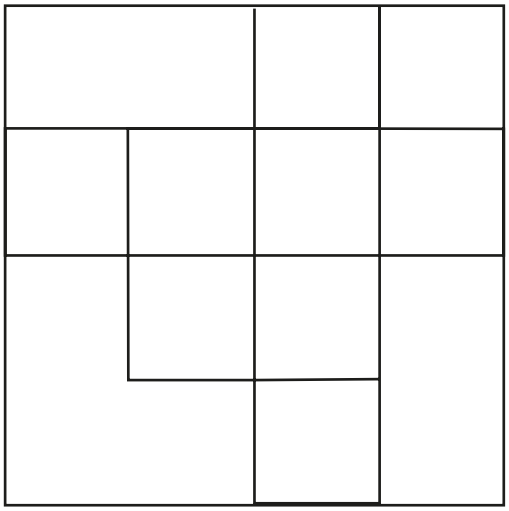
For every Zambian, this means cleaner, safer, and more reliable money in circulation. For the Bank, it's a strategic win that's already paying dividends in speed, accuracy, and cost savings.

The authors are Manager-Project Management Office, Strategy and Change Management Department and Manager – Currency Processing, Banking and Currency Department, respectively

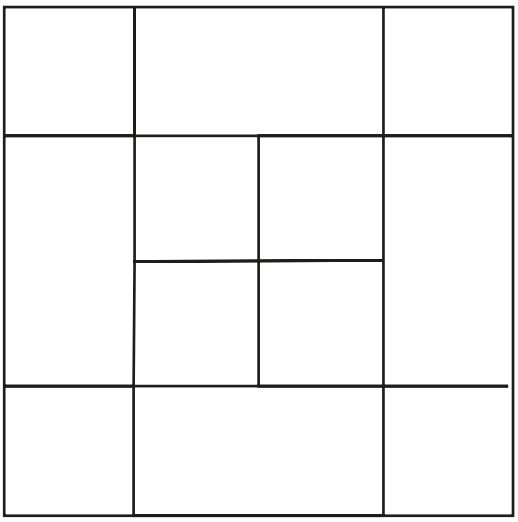
PAUSE & THINK

How Many Squares Can You Find ?

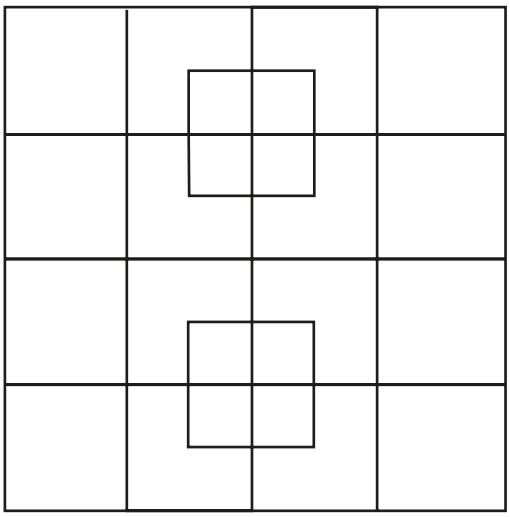
Puzzle 1



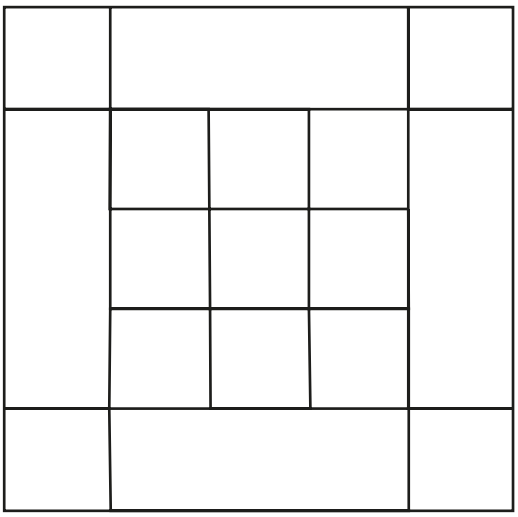
Puzzle 2



Puzzle 3



Puzzle 4



THE RISK CULTURE GAP: WHY AML/CFT COMPLIANCE FAILS IN FINANCIAL INSTITUTIONS

By Oscar Nkhuwa

Overview

Policies, procedures, and systems alone don't stop financial crime. People and culture do.

Culture plays a critical role in the success or failure of the Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT) programmes. While regulations provide the "what" and institutions develop policies and procedures for the "how," it is ultimately culture that determines "whether" compliance is actually lived out.

In this article, I provide insights on the risk culture gaps and why AML/CFT programmes may fail.

Why Programmes Break Down

Too often, financial institutions treat AML/CFT as a tick-box exercise. Policies and procedures are drafted, training sessions are conducted, and compliance reports are filed - but the underlying culture remains weak. Without leadership buy-in, compliance becomes a back-office function rather than a strategic and business priority.

This is where the real danger lies: when AML/CFT is reduced to paperwork, institutions expose themselves to regulatory sanctions, reputational damage, and financial crime risks.

The Policy–Practice Mismatch

As someone passionate about training and the design of policies and procedures, I always look to see how institutions have institutionalised these pillars. Alas, many institutions show a mismatch; strong policies on paper, but weak execution in practice.

It is not a surprise, therefore, that regulatory findings tend to echo the same issues year after year, institution after institution: recurring gaps in money laundering / terrorist financing (ML/TF) risk assessment, customer due diligence (CDD), ineffective transaction monitoring, ineffective suspicious transaction reporting, and poor governance oversight.

This isn't unique to Zambia. The Financial Action Task Force (FATF) has repeatedly emphasized that weak compliance culture undermines effective risk-based AML/CFT implementation. Locally, the Financial Intelligence Centre (FIC) Trends Reports and supervisory feedback from regulators like the Bank of Zambia (BoZ), the Pensions and Insurance Authority (PIA), and the Securities and Exchange Commission (SEC) echo the same message that "culture matters".

The Common Weaknesses

In many jurisdictions, Zambia inclusive, the same themes resurface:

1. Boards lack active oversight of AML/CFT programmes.
2. Staff training is irregular or ineffective, often reduced to a once-off seminar to tick-the-box.
3. Policies exist in silos, disconnected from day-to-day business decisions.
4. First line (business operations) staff see the second line (risk and compliance functions) as a burden rather than a responsibility.

This gap between policy and practice continues to frustrate regulatory expectations and weakens the fight against ML/TF.

Closing the Risk Culture Gap

So, what can institutions do? A few practical steps can make a difference:

1. Embed AML/CFT in governance structures – Boards and senior management should demand meaningful reporting and hold business heads accountable.
2. Make training ongoing and practical – Regular, role-specific training ensures staff understand how compliance relates to their daily tasks.
3. Align policies with operations – Procedures should be tested against real customer interactions and adapted as risks evolve.
4. Promote a culture of ownership – Staff at all levels should see compliance as everyone's responsibility, not just the compliance officer's.

The reality is this: institutions don't fail because they lack policies—they fail because they lack culture.

Conclusion

AML/CFT compliance fails when it becomes a tick-box exercise instead of a culture. Closing the risk culture gap means stronger leadership, better training, and embedding compliance into daily practice.

The fight against financial crimes isn't won with policies on paper but with culture in practice. The real question is: Is your institution living compliance or just ticking boxes?

The author is an Examiner in the Financial Conduct Supervision Department

THE TWO-SIDED COIN: HOW AI IS REVOLUTIONISING FINANCE AND FUELLING A NEW ERA OF SCAMS

Once the stuff of science fiction, Artificial Intelligence (AI) has rapidly transitioned from a 1956 concept coined by John McCarthy into the engine driving the modern global economy. However, as computing power reaches new heights and "Big Data" provides endless fuel for machine learning, experts are warning that the same technology making our lives easier is also arming a new generation of sophisticated criminals.

The Rise of the Machines

At its core, AI is the ability of a computer to mimic human behaviour—learning, reasoning, and solving problems. Today, it is woven into the fabric of daily life, powering everything from your Netflix recommendations and Google searches to self-driving cars and smart thermostats.

In the financial sector, AI is a powerhouse for good. It allows banks to process vast datasets to spot money laundering (AML) and fraud faster than any human could. It has also revolutionised customer service, with AI-driven assistants providing 24/7 support and personalised financial advice.

The Dark Side: A New Frontier for Fraud

Despite these benefits, the Financial Stability Board (FSB) warns that AI may amplify vulnerabilities within the global financial system. By filling "knowledge gaps" in coding and language, AI is empowering less-skilled criminals to execute high-level attacks.

The most pressing threat is the rise of AI-driven scams that are becoming increasingly difficult to detect:

- **Deepfake Deceptions:** Using AI to create hyper-realistic videos of executives or loved ones to authorise fraudulent transfers.
- **Synthetic Voice Scams:** Scammers clone voices to impersonate family members or bank officials in distress.
- **AI-Powered Phishing:** Gone are the days of broken English in scam emails. AI now crafts perfectly written, highly personalised messages that trick even the most tech-savvy users.
- **Investment & Romance Scams:** AI bots can now maintain long-term "relationships" or manage fake trading platforms that promise high returns, only to vanish once enough funds are collected.

How to Protect Yourself: The "New" Rules of Engagement

While the technology is new, the defence mechanisms remains rooted in caution. Security experts suggest a multi-layered approach to staying safe:

Scam Type	Red Flags to Watch For	Key Defense
Deepfakes	Unusual blinking, unnatural lighting, or jerky facial movements.	Multi-factor authentication (MFA) for all sensitive decisions.
Voice Scams	Odd speech rhythms, strange background noise, or unnatural pauses.	Establish a "verbal password" with family or colleagues.
Phishing	Messages creating an extreme sense of urgency or requesting data.	Trust but Verify. Call the sender back on a known, official number.
Investments	Promises of "guaranteed" high returns or complex AI "black box" algorithms.	Check with regulators like the Bank of Zambia or the SEC before investing.

Source: *Payment Systems Department*

The Bottom Line

As AI continues to evolve, the golden rule remains: Trust your instincts. If a digital interaction feels "off," it probably is. Consumers should never respond to unsolicited messages and to always seek a second opinion from a licensed human expert before moving money.

In this high-tech era, your best defence isn't just a better algorithm—it's a healthy dose of skepticism.

FUTURE-PROOFING ORGANISATIONS: IMPORTANCE OF UNIFIED LAYERED APPROACH IN CYBERSECURITY

By Daniel Chibesakunda

Between 2023 and 2024, the average global cost of a data breach increased by 10%, reaching USD 4.88 million (IBM, 2024). Furthermore, the projected global cost of cybercrime is expected to escalate from USD 6.4 trillion in 2024 to USD 15.63 trillion by 2029 (Statista, 2024). This upward trend in both the frequency and financial impact of cyber-attacks has prompted organisations to prioritise significant investments in cybersecurity infrastructure.

Protecting the organisations critical assets from cyber-attacks can be a huge and costly task which requires a defined and structured approach in implementing cybersecurity solutions. One such approach is called Unified layered approach which is a holistic strategy that helps organisations to combine multiple security features, tools, and processes creating a layer of security tools to protect an organisation's digital assets at each layer.

Some organisations have knowingly implemented the unified layered approach to safeguard their critical assets and some have unknowingly done so. The approach is key for any organisation to adequately implement controls at each layer and prevent threat actors from compromising the critical assets. The diagram below shows the seven layers that the unified approach uses.

1. Network knowledge

To adequately safeguard its critical assets, an organisation must maintain a comprehensive and accurate inventory of its digital landscape. Consequently, cybersecurity teams prioritise gaining total network visibility, which is typically achieved through the following steps:

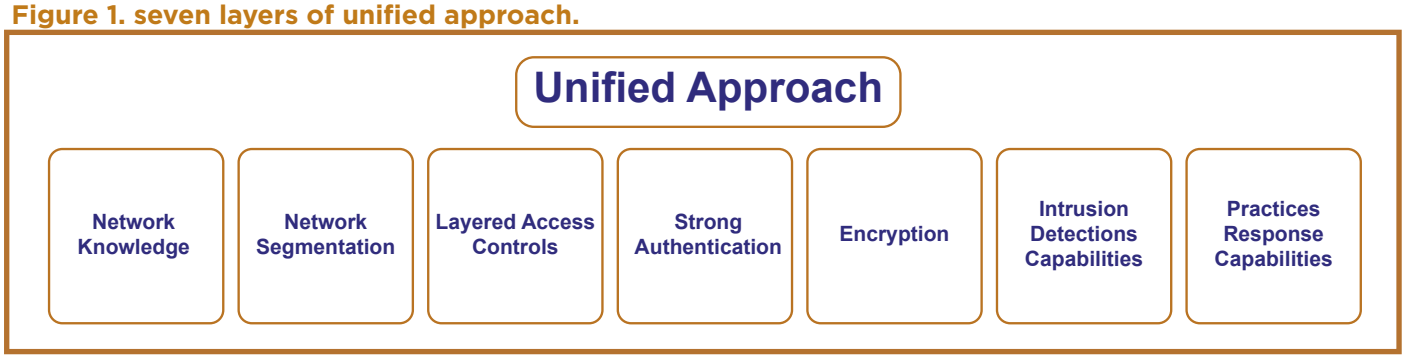
- Understanding what systems are on the network;
- Knowing where the systems are;
- Knowing what their connections are;
- Knowing what their vulnerabilities are;
- Knowing what software is running and what patch level the operating systems are at;
- Knowing the exposer to attacks; and
- Having diagrams of the network for all the connections.

The above knowledge will equip the cybersecurity teams in the organisation to adequately defend themselves against cyber-attacks. Having this knowledge would make the incident response quicker as it would be easier to contain the attacker, separate the affected segments, and know critical systems to protect against cyber threats.

2. Network segmentation

Technology keeps on evolving so are the cybercriminals. Organisations used to implement flat networks which meant that once a threat actor is on the network, they will have access to any asset or application on the network. Due to the advancements in measures to mitigate cyber-attacks, cybersecurity experts implement and recommend network segmentation which splits the bigger network in smaller networks (segments). Network segmentation splits the network between the trusted and non-trusted networks which involves creations of areas like the Demilitarised Zone (DMZ) which is specifically for applications facing the public internet and the enclave network with strong ingress and egress (this area is for more secure systems e.g. critical servers like core applications, databases, email, etc.). This capability empowers cybersecurity and ICT teams to effectively mitigate the lateral movement of a cyber-attack

Figure 1. seven layers of unified approach.



across the infrastructure. For instance, by implementing network segmentation, an organisation can isolate a security breach within a specific zone. In the event that one of the four segments is compromised, the cybersecurity team can easily isolate the affected segment from the rest of the network. This action effectively contains the threat and mitigates the risk of additional infiltration.

3. Layered access control

Organisations are increasingly adopting a **defense-in-depth** strategy, acknowledging that no single security control is sufficient to withstand a sophisticated threat landscape. This multi-layered approach necessitates the implementation of both **preventative and detective controls** to establish a robust security posture. By deploying overlapping defensive measures, an organisation can effectively prevent attempted breaches or, in the event of a successful intrusion, ensure rapid detection to mitigate potential impact and facilitate an efficient incident response.

4. Strong authentication

The ultimate goal of a threat actor is to compromise the organisation data and possibly demand a ransom. Organisations need to put in place strong authentication mechanisms like multifactor authentications solutions. And with the advancement in technology, there are technologies that are emerging like zero-trust technology which have changed that notion from trust then verify to always verify then trust. The increasing need for strong authentication is to guarantee that you know who is on the network and make it difficult for unauthenticated users (cybercriminals) to access the network.

5. Encryption

Organisational leaders and cybersecurity practitioners must recognise that digital transformation serves as a primary driver for the rising frequency of cyber-attacks. As organisations increasingly automate core processes, they inherently expand their attack surface, thereby increasing potential vulnerabilities. This evolution necessitates the implementation of rigorous encryption mechanisms to safeguard sensitive data across its entire lifecycle specifically ensuring protection for data at rest within local storage and in transit across networks

6. Intrusion detection capabilities

Artificial intelligence, though designed for positive purposes, is being exploited by threat actors to launch sophisticated attacks on organisations. Leaders and cybersecurity professionals must recognise that cybercriminals are leveraging automated tools, making it crucial to deploy AI-powered intrusion detection systems to swiftly identify threats and prevent attackers from going undetected in networks for extended periods.

7. Practice response capabilities

Cybersecurity is not solely cybersecurity's team concern, but a shared responsibility across all levels of an organisation. Leaders and cybersecurity professionals should recognise that no solution is completely foolproof, and it is a question of when, not if, a cyber-attack may occur. The effectiveness of an organisation's response to a breach depends on its ability to manage and recover from such incidents. Consequently, it is imperative for organisations to develop and practice robust response strategies so that they are well-prepared to act promptly and effectively in the event of a cyber incident.

The time to learn how to respond to an attack is not during the attack, there is need to have in place documented procedures (i.e. Business Continuity Plan (BCP), Incident Response Plan (IRP), Change Management Plan, Disaster Recovery Plan (DRP), exercises or drills and practiced capabilities.

In conclusion, with the increase in the cyber threats which seem to keep on raising, organisations need a strong and adaptable cybersecurity plan to future-proof itself. A layered strategy is the foundation of this approach. Organisations need to implement defense in-depth security strategy which involves implementing multiple layers of protection throughout the IT infrastructure to prevent cyberattacks. This approach relies on multiple layers of security to provide the redundancy so that even if one layer is compromised, all layers are not and thereby reducing the risk associated with exposure to data loss and business down time.

Such a homogenous approach enables an automatic integration and collaboration between various security tools and teams, thereby streamlining the process which facilitates the detection of threats, faster response to incidents, and better incident management. Through an integrated, multi-layered approach to cyber we can fortify defences by safeguarding critical assets while preserving the advantage of our customers in digital progress.

The author is Assistant Director-IT Security in the Executive Department

BEWARE OF MONEY CIRCULATION SCHEMES: PROTECT YOUR MONEY AND YOUR FUTURE

By Elias Banda and Edinasi Nkosi

In recent years, there has been a noticeable increase in cases where consumers are misled by deceptive investment schemes, resulting in material financial loss on the part of the consumers. These schemes, often promoted by individuals who are unlicensed and who operate outside the regulatory framework of the financial sector gain traction through social media platforms e. Promoters of these investment schemes lure unsuspecting individuals with assurances of exceptionally high returns within a short period of time. Unfortunately, many of these ventures turn out to be money circulation schemes, leaving victims with significant monetary losses, sometimes amounting to millions of Kwachas.

Generally, a money circulation scheme is a type of scam where resources from new investors are used to pay returns to earlier investors, thereby creating an illusion of a profitable investment or business activity. It is an unsustainable investment operation that pays returns to its investors with their own money or the money paid by subsequent investors, rather than from profit earned by the individual or organisation running the operation. Money circulation schemes are illegal. In the recent past, cases of fraudulent investment schemes such as Destiny Helpers International Zambia, and HeritageCoin Resources Limited have resulted in significant financial losses for many consumers, who were defrauded of their hard-earned money. When these schemes eventually collapse and victims turn to financial sector regulators for assistance, it is often too late. In most cases, only a small fraction of the invested funds can be recovered. In view of this, it is imperative for members of the public to be able to identify money circulation schemes early to avoid the losses that result from falling prey to them. This article, therefore, aims to educate consumers on the dangers of participating in money circulation schemes, the legal provisions against such schemes, how to identify money circulation schemes, and what steps to take if you have been scammed.

1. Dangers of participating in money circulation schemes

Participating in money circulation schemes poses significant risk because the promoters are typically unlicensed and operate outside the regulatory framework of the financial sector. This lack of oversight eliminates or severely weakens the redress mechanism that is available when dealing with regulated entities. Alarmingly, some promoters falsely claim to be licensed or affiliated with regulators such as the Bank of Zambia (BoZ). These assertions are intended to create a false sense of legitimacy and security among the public. It is therefore crucial for consumers to verify, through official channels, whether the entity is regulated before investing their money.

By dealing with unlicensed entities, consumers forego the benefits and security that a licensed entity provides for its customers. This may lead to:
Weakened consumer protection: Unregistered service providers are not subject to financial regulations, leaving victims without legal safeguards or recourse through regulatory bodies.

High risk of fraud: These schemes often employ deceptive practices, such as unrealistic promises of returns and pressure tactics to recruit others.
Emotional and social impact: Victims often experience emotional distress and disruption to personal or family stability due to financial losses.
The Bank of Zambia therefore wishes to caution the public that consumers who engage with unlicensed entities expose themselves to serious financial harm. Consumers that engage with such entities expose themselves to significant financial and other risks because the usual consumer protection recourse mechanisms are not available in the event of disputes. Such operators are not bound by requirements for accountability or standard consumer protection practices

2. Legal Provisions Against Money Circulation Schemes

Due to the negative impacts associated with money circulation schemes, it is illegal, in Zambia, to conduct or participate in such schemes. The law explicitly prohibits these activities under the Banking and

PONZE SCHEMES

IF IT'S TOO GOOD TO BE TRUE

IT USUALLY IS

The schemes are named after Charles Ponzi, who duped thousands of Americans into investing in a postage stamp scheme in the 1920s.

What is a Ponzi Scheme?

A Ponzi scheme is an investment scam that pays early investors with money taken from later investors to create an illusion of big profits. A Ponzi scheme promises a high rate of return with little risk to the investor.

Financial Services Act, 2017:
Section 157 states:
"(1) A person shall not –
(a). Conduct, or participate in a money circulation scheme; or
(b). Issue a notice, circular, prospectus, proposal or other document inviting the public to subscribe to a money circulation scheme"

In addition, the Securities Act of 2016 requires that all entities dealing in collective investment schemes be licensed by the Securities and Exchange Commission (SEC). Promoting or operating unlicensed collective investment schemes is an offense under this Act.
These provisions are designed to protect consumers from fraudulent schemes and ensure that all investment activities are conducted within a regulated and transparent framework.

3. How to Identify Money Circulation Schemes

Money circulation schemes are designed to look legitimate but share common red flags which include:

- Unrealistic Returns: Promises of unusually high or "guaranteed" returns and prompt withdrawals with no underlying economic activity and minimal effort required. Any offer that appears unusually lucrative or risk free should be approached with caution.
- Consistent returns: Claims of steady returns regardless of market conditions.
- Persistent encouragement to recruit others: Encouragement to bring in new investors to sustain payouts as payments of dues are dependent on recruiting new member.
- Lack of Transparency: unclear or undisclosed methods of generating returns, with no transparent or credible operational structure.
- Urgency and Pressure Tactics: Push to invest quickly without time for due diligence.

4. What to Do If You Have Been Scammed

If you suspect you have fallen victim to an online investment scam:

- Stop all transactions immediately: Do not send more money or recruit others.
- Gather evidence: Keep records of all communications, receipts, and transaction details.
- Report to law enforcement: File a complaint with the Zambia Police and the Drug Enforcement Commission (DEC), as these cases are treated as fraud.
- Notify regulators: Inform BoZ, SEC, and the Zambia Information and Communications Technology Authority for awareness and investigation. Use the short code *707# to report mobile scams and fraud.

Consumers are the first line of defence against money circulation schemes. While regulators and law enforcement agencies enforce laws and issue warnings, the most effective protection lies in financial literacy and vigilance. Consumers are encouraged to always verify that an entity is duly licensed before investing, avoid shortcuts to wealth, and be cautious of promises of extraordinary and consistent returns. In this regard, consumers' vigilance is the first step to protecting themselves against financial misconduct. The rise of digital platforms has increased both opportunities and risks, making it essential for consumers to stay informed and proactive in safeguarding their finances.
Remember: there is no easy money. If you encounter suspicious investment schemes, report them promptly and educate others to prevent further losses. For further information and guidance, members of the public can contact the BoZ through any of the following options:

- Telephone: (+260) 211 399300/ 0971 270090/ 0963884820
- Email: info@boz.zm
- https://www.facebook.com/BankofZambia/
- https://x.com/bankofzambia?lang=enhttps://www.youtube.com/channel/UCvDjR9MGNUstiXrP_vCM9Lg?view_as=subscriber
- https://www.flickr.com/photos/bankofzambia/albums

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SAFEGUARD YOUR MONEY

By Nchimunya Muvwende

The number of people that have committed suicide due to failure to settle debt has been on the rise and the trend is alarming. When the situations are well analysed, they could review that mismanagement of money led to the indebtedness and the perceived lack of solution led to the people ending their lives. It is against this background that it is important to discuss ways in which money can be safeguarded, mismanagement reduced and money invested in productive ways that will improve livelihoods than ending lives.

Avoid wasteful expenditure

A certain employee who was tired of renting decided to get a loan to buy a plot so that he could start building.

The loan was granted to him and before he realised it, he had spent most of the money on things he did not plan for. To sustain the expenditure patterns, he had borrowed more from microfinance institutions, banks and individuals to a level that his life was reduced to a beggar despite having a job. This is just an example of the many people that have mismanaged the money they may have had good plans for.

Very few people can answer with confidence on how they spent their money because they do not track how much they spend on various items. This makes it difficult to know whether their money is effectively spent on necessary things or wasted.

To avoid wasteful expenditure, begin by tracking how you spend your money by recording what you buy. This will help you understand how much is spent on airtime, food, recreation and other expenditure which you'll need to evaluate whether the expenditure pattern should continue. Do you need to continue paying full TV subscription when you only watch a few channels?

Is it necessary to buy from the supermarket when the same items are cheaper in your neighbourhood? Will you manage to maintain that big car with increased home responsibilities? These are some of the questions one should begin to ask themselves to avoid wasteful expenditure. What this really means is that you should watch what you spend, save what you're able to and then invest it to earn more. Always conduct a cost-benefit analysis on what you wish to spend on and learn to adjust your lifestyle to a level that suits your current financial situation. You should not be spending what you do not have and only borrow when it is necessary.

Black Tax Strategy

The issue of black tax is one that has stimulated widespread debates as to whether it is a burden or a necessary cost. It may not have been realised that this could be one of the major causes of indebtedness of many because they are pressured to help family members even beyond their means. It has been defined as the help rendered to family members and this is a practice that has for so long been in the African society. Others have referred to black tax as the cost of being born in an African home.

It is through this help that families have become educated, empowered and successful. This notwithstanding, black tax has derailed the progress of many Africans because almost everything they earn has had to go to support unrealistic expectations of family wants instead of investments. Due to it, people have been unable to progress in building their businesses, careers and wealth because of competing family responsibilities they fund on a regular basis.

Under black tax, a few breadwinners are expected to support the extended families in terms of food, education expenses, upkeep and other expenditures, sometimes to levels beyond their means such that they end up borrowing. It is funny that some family members would be bearing many children with an expectation that the well-to-do relative will take up the financial responsibilities. In some cases, the dependence syndrome has led

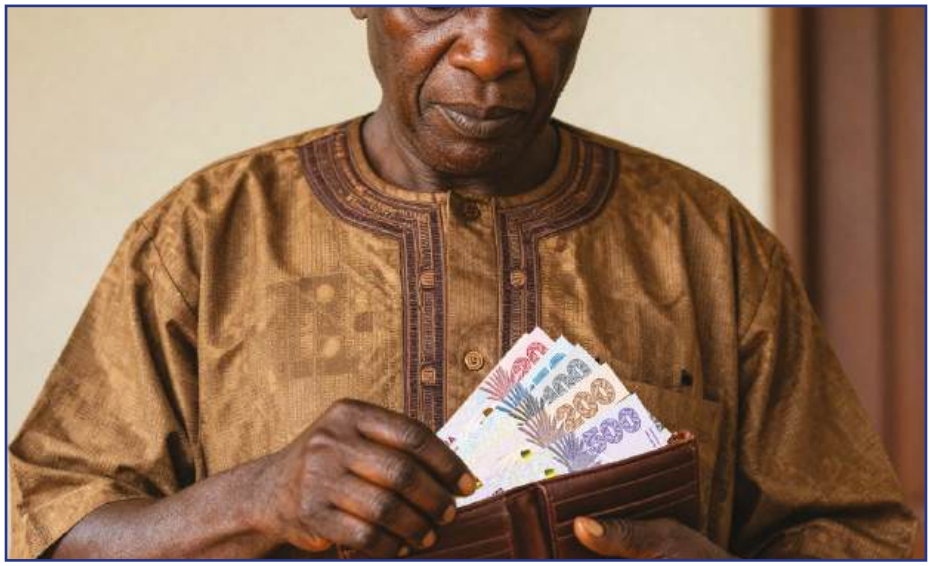

Photo Courtsey: World Vision

to some people being too lazy to venture into any productive activities because they have an easy way out through the breadwinner. However, this situation is unsustainable and a major reason why people may earn incomes which is unproductively spent on some family members who should instead earn on their own.

Depending on how black tax is handled, it could be a benefit or a cost. To safeguard money, one ought to come up with a strategy on how to approach black tax and eventually reduce this support after uplifting the lives of other family members who should then take up the burden. Do not continually support family members that have the potential to earn but are lazy to do so because they depend on your income but rather work on helping those who will in turn support others. The first step involves coming up with priorities which align to financial goals. You need to evaluate the help you render, what was the money used for and does it align to your priorities? Some money given could have just been wasted on alcohol, do you feel it is right to continue giving money to such a one?

Keep track of the percentage of your income that has gone to support and how much has gone to growing your income through investments.

Remember not to spend all you earn on black tax without saving or investing a component because in the long run, it is investing that will improve your income and life. Don't commit to help family members beyond your comfortable means such that you end up borrowing because the burden will worsen your future livelihood. Think about the future, what if you lost your source of income, how will you survive? Do not be exceedingly involved in solving financial mismanagement of others at the expense of your own financial goals. Ensure to focus on support that increases the number of productive people in your family through meaningful empowerment of education, business empowerment among other interventions. Remember to also teach your family members on financial matters so that they also learn how to earn instead of always begging. The proper advice will also empower them with knowing how to broach the issue of budgeting, saving, and living within your means with their families.

Borrowing should mostly be the last resort. Safeguard what you earn, invest it, grow your incomes and achieve your goals. Do not rush in achieving long term goals in a short time, plan your black tax and ensure that you manage your expenditures well.

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TRAVELOGUE: A JOURNEY OF STEWARDSHIP AND SELF-REFLECTION

By Silvia Siwale

Working for the Bank of Zambia (BoZ) is more than a career—it is a privilege that offers a rare vantage point on the intricate workings of the Zambian economy. Our mandate often takes us beyond the structured confines of the office and into the heart of the real sector, where theory meets reality. These engagements are not mere field visits; they are transformative experiences. The candid feedback we encounter—sometimes calm, often times raw and brutally honest—strips away assumptions and invites a deeper reflection into our work. To call these journeys humbling would be an understatement; they are profound lessons that shape not only our professional outlook but our perspective on life itself.

I recently participated in Phase Two of the Currency Sensitisation Programme. My assigned location was a mix of urban centers, peri-urban and deeply rural communities. Our team became a travelling information booth, engaging with a range of stakeholders who included: dedicated civil servants, passionate civil society organisations, traders, thoughtful community leaders, enthusiastic learners, and hard-working farmers. Our core mission was simple: How are people transitioning to the new currency? How well do they know the new currency? What are their challenges? How can we help them bridge the gap?
This activity was both exciting and challenging.

The excitement came from the combination of long drives, scenic views, weather shifts, roadside attractions, and unplanned detours. The team connected within itself and built resilience through it all. We opened up to each other, allowed ourselves to be vulnerable, and were present with one another in such a unique way. The trip provided a sense of accomplishment, not only from our interactions with different people but also from simply navigating unfamiliar territory together.

Every day brought a flurry of new faces and untold stories. To be the source of information that helped a small trader or a rural farmer feel more secure in their transactions was very humbling. It was refreshing to witness the eagerness of people who were genuinely eager to listen, to have their pressing questions answered directly by a representative from the Central Bank. These sessions also provided a platform to obtain important feedback on what we can do better as an institution, all while experiencing the heartwarming kindness and generosity of the communities we met.

The extended hours on the road provided a rare opportunity for self-reflection and mental clarity. With fewer distractions and an open horizon, I reconnected with my inner self and returned home with renewed insight and purpose, and a sense of hope for what we are able to achieve when we put our minds to it.

However, the experience also exposed the realities of the areas we visited. Major highways are generally well-maintained, but rural roads can be challenging, even with the recommended 4×4 vehicle. Thankfully, we didn't visit during the rainy season! From navigating unfamiliar roads to dealing with car troubles or crossing over the pontoons/getting on a banana boat to reach the other side where the target audience was. This fostered resilience, adaptability and self-confidence. Each hurdle became a lesson in problem-solving and perseverance. And an opportunity for fun, and learning.

In some of the remote communities, our engagements offered powerful insights into some cultural protocols and sensitivities that shape social interaction. These experiences highlighted the reality that traditional structures, particularly those rooted in patriarchal deference, remain profoundly influential and must be navigated with care.

In some places, we encountered the non-negotiable protocol that a male member of our team had to initiate the introduction and formally request permission before the females could address the gathering. This act was understood not as a slight to female authority, but as the essential, respectful fulfillment of a local customary requirement.

These moments were reminders that while our mandate involved the technical modernisation of the currency, our fieldwork required us to operate within a traditional landscape, where respect and proper communication are governed by their own unwritten, non-negotiable rules. These dual experiences- the professional satisfaction of making a connection and the personal challenge of adapting to stark cultural realities transformed a standard professional assignment into a profound travelogue of a multifaceted identity, teaching us the value of patience and observation in cross-cultural engagement.

The experience also invited an innovative application of the 7 Habits of Highly Effective People. We carried our own weather as a team, focused on the big rocks, challenges notwithstanding. We ensured that we understood our audience by active listening in order to achieve a win-win situation. And ultimately, we sharpened the saw.

As I reflect on these experiences, I am reminded that the privilege of working at BoZ is not just about influence, it is about stewardship. It is about bridging the gap between theory and practice, ensuring that our decisions resonate beyond boardrooms and into the communities we serve. These lessons are life-changing, and they continue to shape not only my professional outlook but my understanding of what it truly means to serve.

Would I do it again? Absolutely!

The author is Manager-Media & Publications in the Excutive Department

OVERCOMING DISRUPTION, TRANSFORMING THE AIDS RESPONSE

By Lilian Ndabala

Every year on December 1, the world pauses to reflect on the global struggle against HIV and AIDS—a journey that has tested the very limits of human resilience and compassion. World AIDS Day is more than a memorial for those we have lost; it is a call to action to renew our commitment to prevention, care, and universal support.

This year's theme, **"Overcoming Disruption, Transforming the AIDS Response,"** challenges us to confront the obstacles slowing our progress and reimagine a more inclusive future.

The Landscape of Progress and Obstacles

Over the past decades, the global community has achieved remarkable milestones. Millions of lives have been saved through expanded testing, life-prolonging antiretroviral treatment, and rigorous public education. In many regions, infection rates have declined sharply due to relentless awareness campaigns.

However, this progress remains fragile. The "disruptions" of recent years—including the COVID-19 pandemic, economic instability, and global conflicts—have strained health systems. These hurdles, compounded by persistent social stigma, have made it increasingly difficult for vulnerable populations to access testing, maintain treatment, or find the counselling they need.

Leadership in the Face of Adversity

As we commemorated World AIDS Day 2025, we must specifically honour the resilience of women and adolescent girls. Despite shrinking resources and systemic disruptions, their innovation and determination are driving the transformation of the response. They are not just participants; they are leaders shaping a future where access to healthcare and human rights are guaranteed for all.

Defining the Path Forward

To "overcome disruption" means standing firm when circumstances threaten to derail our goals. It requires:

- **Strengthening Health Systems:** Ensuring continuity of care regardless of global crises.
- **Innovation:** Embracing digital health tools and community-led solutions.
- **Integrated Approaches:** Tackling both the medical and social barriers that hinder progress.

A Shared Responsibility

Ending AIDS requires more than medicine; it demands compassion, solidarity, and a refusal to accept the status quo. We must dismantle stigma wherever it hides and create safe spaces where people living with HIV are treated with the dignity they deserve.

Everyone has a role to play—whether by supporting awareness, encouraging testing, or standing against discrimination. When we unite in purpose, we can overcome the greatest disruptions and transform the future of global health. Together, let us continue the journey toward a world of equality, health, and hope for all.

Together, we can end AIDS.

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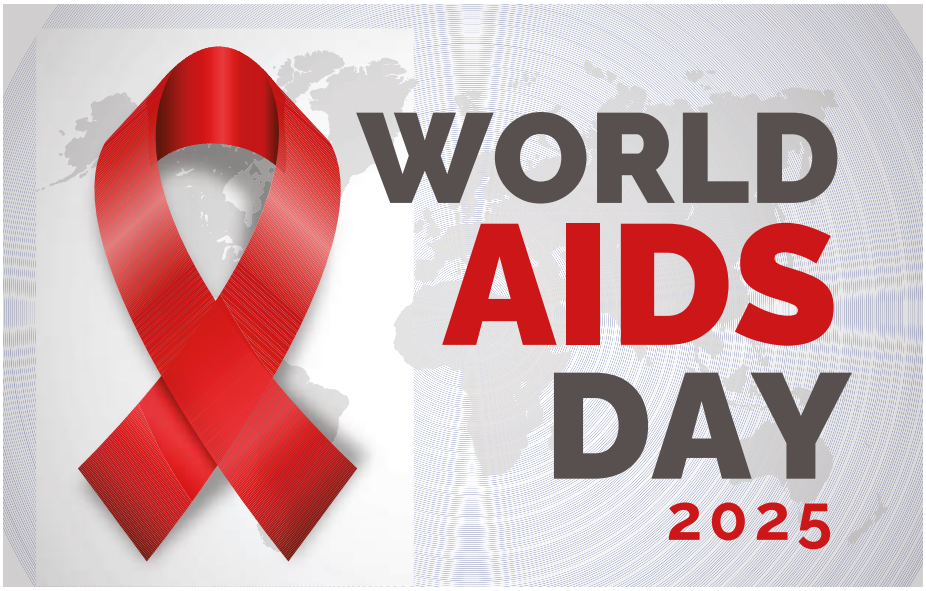

THE SILENT STRUGGLE: HOW A NON-LETHAL WEAPON CALLED TOXIC MASCULINITY HURTS BOYS AND MEN

By Barron Ngulukila

When you come across a group of men gathered together, whether in a formal setting or an informal one, the likelihood is that the conversation is around football, recounting the adventures of the night outings, or boasting about romantic pursuits. Rarely, if ever, does the discussion shift toward a genuine heart-to-heart about personal struggles, emotional challenges, or the pressures of daily life. The possibility of such vulnerability coming out in these spaces remains extremely slim, highlighting a much bigger societal tendency to discourage men from openly sharing their inner battles. Society perpetuates the belief that men must never display emotions.

They are expected to suppress their struggles, fuelled by unrealistic standards of what it means to be a 'man.' This cultural expectation forces many to wear a mask of strength, smiling through pain while silently battling overwhelming challenges.

Tragically, this relentless pressure often leads to severe mental health issues and, in many cases, premature death, shading a light on the urgent need to rethink masculinity. Unfortunately, media content has not been spared from being a vehicle through which such messages are spread. For example, certain songs, both old and new, openly discuss and reinforce the unrealistic societal expectations placed on men. For most of these songs, the lyrics go beyond just entertainment; they tend to itemise a disturbing checklist of what defines masculinity. In these stories, apologising is portrayed as an abomination, commitment in relationships is seen as weakness, and even acknowledging illness is deemed unacceptable, with the extreme suggestion that it is "better to just die" than to admit vulnerability. Such messages amplify harmful stereotypes, perpetuating a cycle where men feel pressured to suppress emotions and embrace destructive behaviours in pursuit of societal acceptance.

Furthermore, judgmental remarks such as 'How can you eat that as a man?', 'Why are you dressed that way?', or 'Why are you watching that instead of this?' often characterise conversations among men. For example, a man who enjoys a light salad instead of a heavy meal may be mocked for not being 'manly enough,' or one who chooses a colourful outfit might face judgement for not conforming to traditional masculine dress codes. Entertainment choices such as watching a romantic drama instead of an action-packed movie or football can invite sarcastic remarks questioning masculinity.

The reality is that men, just like their females, experience significant struggles and often need someone to confide in. However, this rarely happens because of the deeply flawed and 'toxic' environment in which many men are raised. According to Dr. Niobe Way, a Professor of Developmental Psychology at NYU, rates of depression, anxiety, loneliness, and suicide are soaring, particularly among young people. Way argues that boys deeply desire emotional connection and have a natural capacity for it, but societal expectations discourage them from expressing these needs. "Boy culture," as she terms it, favours traits that are stereotypically masculine (toughness and independence) while dismissing emotional expression as weak or feminine, despite all those traits being essentially human.

Ever heard the expression 'feeling lonely in a crowd'? Toxic masculinity is a perfect definition of that reality. Many men experience profound isolation even when surrounded by "friends" because their interactions lack genuine emotional connections. Conversations are often overshadowed by surface-level 'men talk', sports, money, while meaningful discussions about fears, struggles, or mental health remains off-limit.

The effects of this widely accepted societal norm can be catastrophic, manifesting in mental health crises, broken relationships, depression, anxiety, substance abuse, and even suicidal thoughts. In fact, men die by suicide nearly four times more often than women, according to a piece done by the BBC titled, "Why more men than women die by suicide".

Loneliness and relationship strain are equally common, often leading to conflict and lack of intimacy, while sexism also thrives under these circumstances, reinforcing gender inequality. It is examples like these that bring to light the fact that toxic masculinity is not just a personal issue but a public health crisis demanding urgent cultural shift.

One may ask: where do we go from here, and how do we begin to change society's mindset? The first and most critical step is acknowledging that we have a real problem. From there, change must start at home. Parents of boys and young men should actively engage their children in conversations about emotional expression, teaching them that vulnerability is not weakness but a natural part of being human. Society as a whole must embrace the truth that we all share the same emotional needs, regardless of gender. Creating safe spaces for men to process their feelings in healthy ways, rather than bottling them up, will not only improve individual well-being but also foster stronger, more empathetic communities.

The author is Communications Clerk in the Executive Department

PHOTO FOCUS

IMF VISIT

HALL OF FAME

PHASE 2 CURRENCY SENSITISATION

PROJECT FIT: FINANCIAL CONDUCT SUPERVISION DEPARTMENT

By Luka Mhango

PROMOTING WELLNESS

Bank Initiative

In an effort to promote a healthy lifestyle in the Bank, an initiative to select representatives in all departments as wellness champions

Prize giving of Season 1 2024 Project Fit winners: Director Tamba (not in picture), Collins, Beenzu, Fungai, and Priscilla (not in picture), got their prizes for their participation in the fitness programme. Acting Director Chirwa presented prizes to the winners. Prizes won included a Fitbit Versa 4 Sports Watch, Asics running shoes, Nike gym bag and Nike attire.

was undertaken.
The Bank has been instrumental through the Human Resource Department in arranging training for wellness champions in various programmes which include First Aid training, promoting gender equality, legal framework and prevention of sexual harassment in a workplace. The Bank has also created an avenue for employees to participate in various sports disciplines organised by other organisations in an effort to promote wellness.

Based on these initiatives, the Financial Conduct Supervision Department decided to take a step further in promoting wellness by creating a team affectionately known as Project-Fit. The Project-fit programme began in 2023. Basically, the participants engage in routine exercise by way of running, aerobics and gym training. The participants share their daily activities through a WhatsApp group and score points. The points are split into two components, namely, activity points and commitment points.

OUR SHARED VALUES IN WELLNESS

It's a journey!

We believe that Health is not a destination, but rather it involves activities with continuous opportunities for improvement as an ongoing journey.

Focus on wellness

One needs to respect their limits and what their body can do for them. Avoid focusing on overbearing or demotivating activity, which may result in one feeling discouraged if one is unable to do something. However, the focus should be on the exercise one enjoys doing to achieve that goal.

Small Steps and Consistency

Your outcomes are key long-term success indicators, however, one needs to focus on simple and effective routine actions that make achieving longer-term goals less daunting.

Discipline

While goals can be strong motivators to keep you exercising, you won't always be motivated. Your daily actions matter just as much as the goals you want to achieve. Achieving your fitness goals will often require discipline.

Create a Habit

It's important to begin to create a long-lasting behaviour change. This is mainly possible when one finds workouts or activities that they actually enjoy, instead of following strict rules.

Accept that your "best" will vary

Some days, you will have energy and/or willpower to go for an intense 2 hour-long exercise/activity, and on other days you may want to have a shorter, gentle, easy-going activity without all the stress that come with intense training... and it's perfectly fine!

The author is Principal Examiner Consumer Protection and Market Conduct, Financial Conduct Supervision Department

Bank of Zambia

PRESS STATEMENT
UNLICENSED ONLINE CREDIT PROVIDERS

The Bank of Zambia (BoZ) has received numerous complaints regarding unlicensed online credit providers that are engaged in predatory lending practices involving unfair, deceptive, or fraudulent loan practices that take advantage of borrowers by enticing them into obtaining unaffordable online loans.

While the BoZ is working with other relevant competent authorities to bring the unlicensed credit providers to account, members of the public are advised against engaging with any financial service provider that is not licensed. Consumers that engage with such entities expose themselves to significant financial and other risks because the usual consumer protection recourse mechanisms are not available to them in the event of disputes.

We therefore urge members of the public to exercise due diligence and verify the licensing status of financial service providers prior to engaging in any transactions with them. Licensed financial service providers are subject to regulatory oversight, which ensures that they adhere to established standards of consumer protection, transparency, and fair business practices. A list of licensed financial service providers is available on the BoZ website, **www.boz.zm**.

For further information, guidance and clarification, please contact:

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September 25, 2025

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