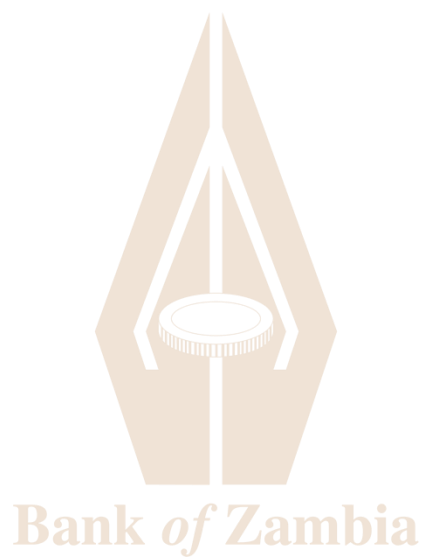


Systemic Risk Survey

March 2026



Bank of Zambia



REGISTERED OFFICES

Head Office

Bank of Zambia, Bank Square, Cairo Road P. O. Box
30080, Lusaka, 10101, Zambia Tel: (+260) 211 399300
E-mail: info@boz.zm

Website: www.boz.zm

Regional Office

Bank of Zambia, Buteko Avenue, P. O. Box 71511, Ndola,
Zambia Tel: (+260) 212 399600
E-mail: info@boz.zm

Website: www.boz.zm

Contents

1.0 Introduction	4
2.0 Survey Results	4
2.1 Key Vulnerabilities in the financial system	4
2.2 Key risks to the financial system in the near term.....	5
2.3 Risks firms would find the most difficult to manage	5
2.4 Overall systemic risk assessment in the near- and medium-term	6
2.5 Systemic risk assessment over the past six months	6
3.0 Conclusion	7

1.0 Introduction

The Bank of Zambia (BoZ) conducts the Systemic Risk Survey (SRS) biannually to reinforce its ongoing systemic risk surveillance and assessment. The survey is intended to gain insights into financial sector participants' perception of risks to financial stability. Respondents include senior management executives responsible for risk management at commercial banks, microfinance institutions, building societies, insurance companies, pension funds, asset managers and non-financial corporates.

This report presents the results of the survey conducted in March 2026. A total of thirty-six (36) firms participated, representing a response rate of 73 percent. This reflects a slight decrease from the 76 percent recorded in September 2025 (Figure 1). The highest response rates were recorded among commercial banks and life insurance companies, both achieving 100 percent participation. Microfinance institutions (deposit-taking non-bank financial institutions) and pension funds each recorded response rates of 80 percent. The lowest response rate was observed among fund managers, at 14 percent.

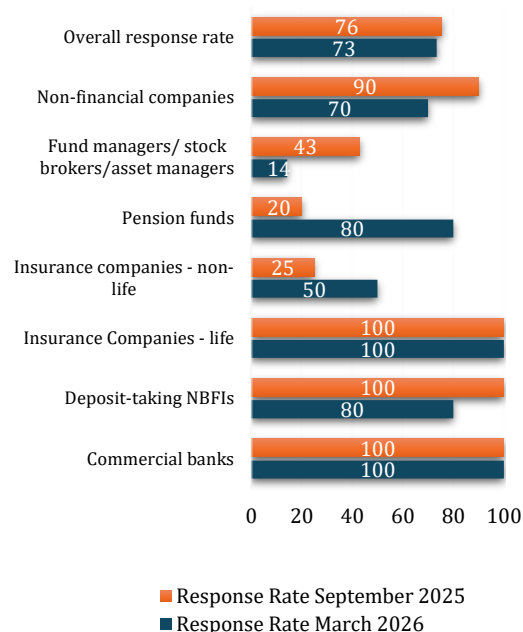
2.0 Survey Results

2.1 Key vulnerabilities in the financial system

Respondents were asked to identify what they considered to be the top three vulnerabilities in the financial system. Funding and liquidity mismatches remain the most frequently cited risk, mirroring the findings from the September 2025 survey and underscoring ongoing concerns around institutions' reliance on short-term funding (Figure 2).

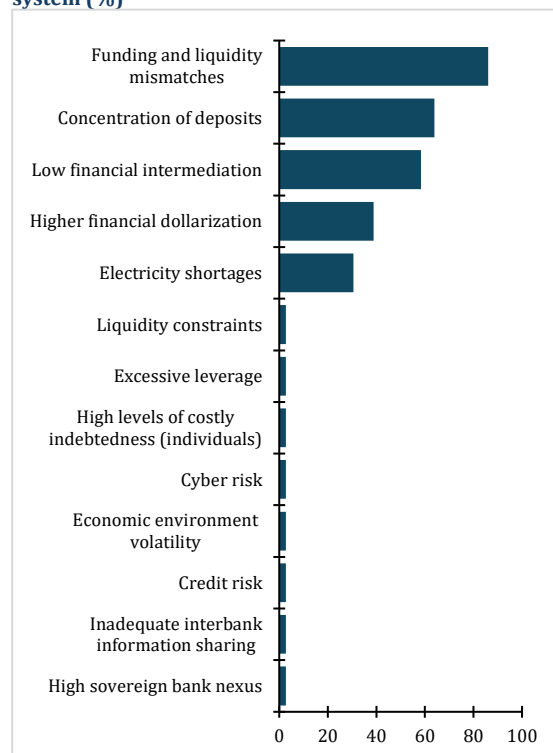
Concentration of deposits was the second most reported vulnerability, reflecting continued exposure to large depositor behaviour and potential liquidity shocks.

Figure 1: Survey response rate (%)



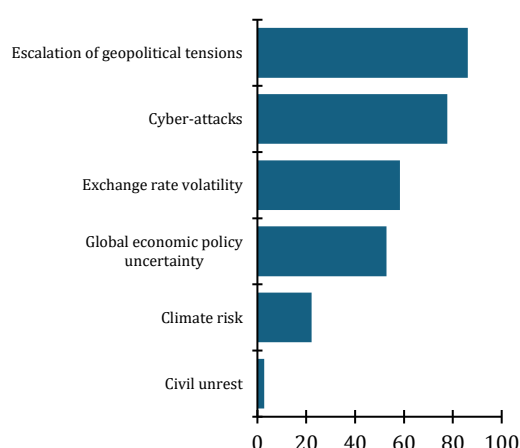
Source: Bank of Zambia staff computations.

Figure 2: Key vulnerabilities in the domestic financial system (%)



Source: Bank of Zambia staff computations

Figure 3: Most cited risks (%)



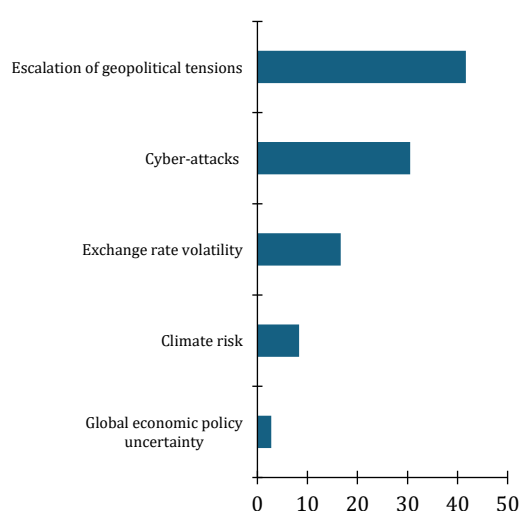
Source: Bank of Zambia staff computations

Table 1: Perceived risks likely to have greatest impact on financial stability by firm (%)

	Banks	Micro Finance Instit.	Insurance Companies	NFCs	Fund and Asset Managers	Pension Funds
Cyber-attacks	93	100	40	57	100	100
Escalation of geopolitical tensions	87	75	100	86	-	100
Global economic policy uncertainty	47	50	60	71	100	25
Exchange rate volatility	53	25	40	57	100	75
Climate risk	20	25	60	29	-	-
Civil unrest	-	25	-	-	-	-

Source: Bank of Zambia staff computations

Figure 4: Risks most challenging to manage as a firm (%)



Source: Bank of Zambia staff computations

Low financial intermediation also remains a key challenge, with respondents noting subdued credit growth relative to the system's capacity to support economic activity.

2.2 Key risks to the financial system in the near term

Respondents identified the escalation of geopolitical tensions, cyber-attacks, and exchange rate volatility as the top three risks likely to impact the financial system in the near term (Figure 3). These risks reflect growing uncertainty in both the external and domestic environment, with potential implications for market confidence, operational resilience, and financial stability.

A sector-by-sector analysis (Table 1) reveals that cyber-attacks, geopolitical tensions, and exchange rate volatility are viewed as the most significant near-term risks to financial stability. Microfinance institutions, fund and asset managers, and pension funds all reported 100% concern for cyber-attacks, highlighting system-wide operational vulnerabilities. Geopolitical tensions were also widely cited, with insurance companies, pension funds, banks and non-financial corporates (NFCs) showing particularly high sensitivity.

Global economic policy uncertainty was of greatest concern to fund managers and NFCs. Exchange rate volatility emerged as a key risk for fund managers, pension funds, and NFCs, reflecting exposure to foreign currency fluctuations. Climate risk was highlighted mainly by insurance companies, while civil unrest was identified only by microfinance institutions.

2.3 Risks firms would find the most difficult to manage

Respondents cited geopolitical tensions as the most challenging risk to manage (Figure 4), reflecting heightened global uncertainty and the difficulty of mitigating externally driven shocks. Cyber-attacks were the second-most challenging, underscoring increasing vulnerabilities related to digital

operations and cybersecurity capacity. Exchange rate volatility also featured prominently, highlighting firms' sensitivity to currency fluctuations and their effects on pricing, liquidity, and balance sheets. Climate risk and global economic policy uncertainty were noted as emerging but comparatively less difficult risks to manage. Overall, the survey findings suggest that firms struggle most with complex, rapidly evolving external risks that are harder to predict and control.

Across sectors, firms reported varying levels of difficulty in managing emerging risks. Cyber-attacks were the most challenging risk for several sectors, notably microfinance institutions (75%), pension funds (25%), and banks (33%), highlighting persistent operational and technological vulnerabilities. Escalating geopolitical tensions were particularly difficult for banks (60%), pension funds (50%), non-financial companies (29%), and insurance companies (20%), reflecting increasing uncertainty in the global environment.

Exchange rate volatility posed significant challenges for fund and asset managers (100%), insurance companies (40%) and pension funds (25%), consistent with their exposure to market movements and foreign-currency assets. Climate risk

was mainly difficult for insurance companies (20%) and non-financial companies (29%), reflecting sensitivities to climate-related disruptions. (Table 2).

2.4 Overall systemic risk assessment in the near- and medium-term

Risk managers expect systemic risk to increase in the near-term. 61 percent of respondents anticipate an increase in systemic risk, a notable rise from 38 percent recorded in September 2025. Meanwhile, 36 percent expect systemic risk to remain unchanged, compared with 57 percent in September 2025, while only 3% foresee a decrease (Figure 5).

Expectations for the medium-term point in a similar direction. 72 percent of respondents expect systemic risk to increase, up from 49 percent in September 2025. In contrast, 14 percent anticipate that systemic risk will decrease, while another 14 percent expect it to remain unchanged (Figure 6).

Overall, the results reveal heightened concern about the evolution of systemic risk in both the near and medium term. Respondents attribute these expectations largely to ongoing uncertainties related to geopolitical tensions, cyber-attacks, and other emerging vulnerabilities in the financial system.

Table 2: Risks most difficult to manage by sector classification (%)

	Banks	Micro Institutions	Finance	Insurance Companies	Non-financial Companies	Fund and Asset Managers	Pension Funds
Cyber-attacks	33	75		20	14	0	25
Escalation of geopolitical tensions	60	25		20	29		50
Exchange rate volatility	7	-		40	14	100	25
Climate risk	-	-		20	29	-	-
Global economic policy uncertainty	-	-		-	14	-	-

2.5 Systemic risk assessment over the past six months

The assessment of systemic risk over the past six months also points to rising concerns among risk managers. 53 percent

of respondents in March 2026 indicated that systemic risk had increased over the past six months, compared with 30 percent in the September 2025 survey. The share of respondents who felt that systemic risk had

decreased fell slightly to 22 percent, from 27 percent previously. Meanwhile, 25 percent reported that systemic risk had remained unchanged, a notable decline from the 48 percent recorded in September 2025.

Overall, the results suggest that respondents perceived a noticeable intensification of systemic risk conditions during the review period, reinforcing broader concerns about risk developments in the financial system.

3.0 Conclusion

The March 2026 survey reveals heightened concern among risk managers regarding the evolution of systemic risk across multiple time horizons. Expectations of increasing systemic risk dominate the near term, medium term, and recent six-month assessment windows, reflecting a broad-based perception of rising vulnerabilities within the financial system. While a minority of respondents anticipate stability or improvement, the prevailing outlook suggests that uncertainties, particularly those linked to geopolitical tensions, exchange rate volatility, cyber-attacks, and other emerging risks are expected to continue shaping risk dynamics. These insights underscore the need for sustained vigilance, strengthened resilience measures, and proactive monitoring to safeguard financial stability in the period ahead.

Figure 5: Expected near-term changes in systemic risk

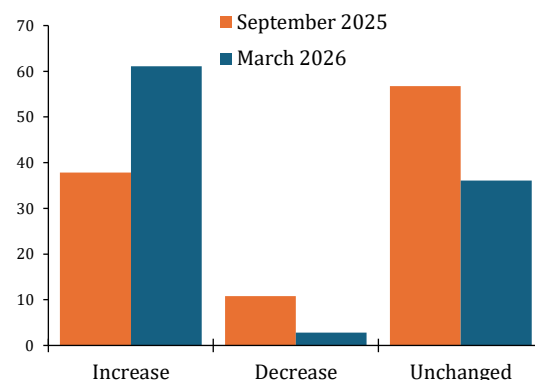


Figure 6: Expected medium-term changes in systemic risk

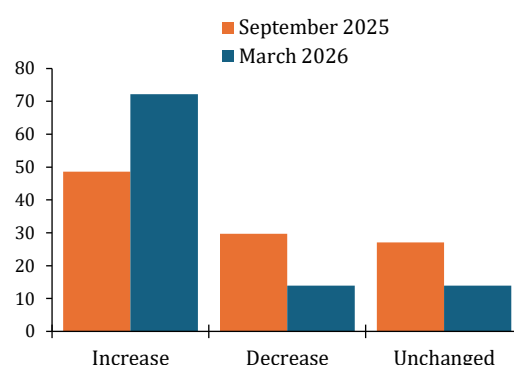
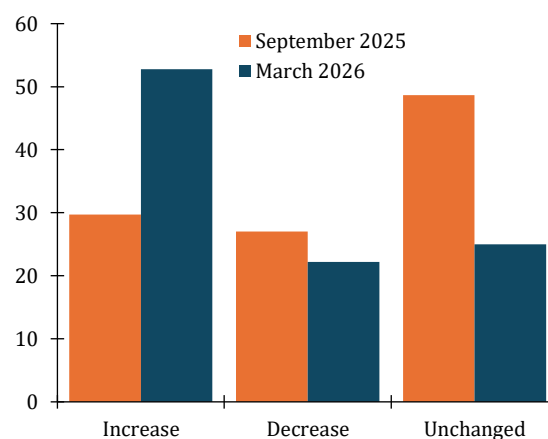


Figure 7: Systemic risk assessment over the past six months (%)



www.boz.zm