



Bank of Zambia

**NATIONAL PAYMENT SYSTEM BIENNIAL REPORT
ON THE OVERSIGHT OF FINANCIAL MARKET
INFRASTRUCTURES**

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Bank of Zambia



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LIST OF ACRONYMS

BoZ	Bank of Zambia
CCPs	Central Counterparties
CIC	Cheque Image Clearing
CPMI	Committee on Payments and Market Infrastructures
CSD	Central Securities Depository
DDACC	Direct Debit and Credit Clearing
EFT	Electronic Fund Transfer
FMI	Financial Market Infrastructures
IOSCO	International Organisation of Securities Commissions
LCSA	Lusaka Clearing and Settlement Agency
MOU	Memorandum of Understanding
NFS	National Financial Switch
NPSA	National Payment Systems Act
NSIPS	Non-Systemically Important Payment Systems
PFMIs	Principles for Financial Market Infrastructures
RTGS	Real Time Gross Settlement
SEC	Securities and Exchange Commission
SIPS	Systemically Important Payment Systems
SSS	Securities Settlement Systems
ZECHL	Zambia Electronic Clearing House Limited
ZIPSS	Zambia Interbank Payments and Settlement System

EXECUTIVE SUMMARY

The Bank of Zambia (the Bank) has an overall mandate over the National Payment System (NPS) in Zambia, derived from the Bank of Zambia Act No. 5 of 2022 and the National Payment System Act of 2007 (NPSA). The Bank is responsible for promoting the safety, efficiency, and reliability of payment systems, as well as regulating, supervising, and overseeing Financial Market Infrastructures (FMIs). The Bank's oversight of the NPS is conducted in accordance with the established Oversight Framework, which is anchored in the (NPSA) and guided by the Principles for Financial Market Infrastructures (PFMIs)

To strengthen oversight, the Bank has implemented various measures, including capacity building for FMI operators, adoption of a risk-based oversight approach, and enhancements to the legal and regulatory framework, notably the enactment of the National Payment System Act of 2026. The Bank has also supported key system developments such as ISO 20022 migration, implementation of the National Financial Switch (NFS), and regional integration initiatives.

The Bank conducted a self-assessment of its fulfilment of the five (5) responsibilities of authorities under the PFMIs and concluded that it broadly observes all five responsibilities in its role as overseer of FMIs. The Bank will continue to implement identified action points to further strengthen its oversight practices and align with international best practice.

Overall, the report demonstrates continued progress in enhancing the resilience, efficiency, and inclusiveness of Zambia's payment systems, and the Bank's ongoing commitment to safeguarding financial stability.

1. INTRODUCTION

Financial Market Infrastructures (FMIs) form a part of the financial system, delivering critical services required for the smooth running of the economy of a country. The FMIs under the supervisory ambit of the Bank of Zambia (the Bank) play a critical role in the smooth operations of the economy as they are used every day by various stakeholders to support trading liquidity and the netting of exposures and settlement obligations. They also establish secure arrangements for the timely clearing and settlement of obligations.

The Bank of Zambia's oversight of the National Payment System (NPS) is conducted in accordance with the established Oversight Framework, which is anchored in the National Payment Systems Act (NPSA) of 2007 and guided by the Principles for Financial Market Infrastructures (PFMIs) issued jointly by the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements (BIS) and the International Organisation of Securities Commissions (IOSCO) which were formally adopted by the Bank in February of 2015 the standard risk management framework for FMIs.

Further, the PFMIs also establish a set of Responsibilities of Central Banks, Market Regulators, and other Relevant Authorities and Supervisors of FMIs. The Five Responsibilities for authorities are as follows:

- (1) Responsibility A: Regulatory, Supervision and oversight of FMIs
- (2) Responsibility B: Regulatory, Supervisory, and Oversight Powers and Resources
- (3) Responsibility C: Disclosure of Policies with respect to FMIs
- (4) Responsibility D: Application of the PFMIs; and
- (5) Responsibility E: Cooperation with Other Authorities.

This report highlights the measures undertaken by the Bank to ensure effective oversight of Financial Market Infrastructures (FMIs) and other payment systems in Zambia. It demonstrates the Bank's fulfilment of its responsibilities as the overseer of FMIs, as outlined in the Report on Responsibilities of Overseers of FMIs.

The report has been produced by the Payment Systems Department of the Bank and it is intended to contribute to both internal and external assessments of the Bank's implementation of PFMIs for systemically important FMIs.

2. OVERVIEW OF FINANCIAL MARK INFRASTRUCTURE LANDSCAPE

The National Payment System (NPS) comprises Systemically Important Payment Systems (SIPS) and Non-Systemically Important Payment Systems (NSIPS). SIPS are critical market infrastructures whose smooth functioning is essential for the stability, efficiency, and confidence of the financial system. They are generally defined as systems that have the potential to trigger or transmit systemic disruptions. Due to these characteristics, SIPS require a higher level of regulatory oversight and risk management. In Zambia, SIPS include the Bank-operated Zambia Interbank Payment and Settlement System (ZIPSS), commonly referred to as the Real Time Gross Settlement System (RTGS), and the systems operated by the Zambia Electronic Clearing House Limited (ZECHL). NSIPS, on the other hand, consist of retail payment systems that do not have the potential to cause significant disruptions within the payments ecosystem. These currently encompass the mobile money payment platforms, remittance services, Automated Teller Machine (ATM) transactions, and Point-of-Sale (PoS) transactions.

In addition to its oversight of the National Payment System, the Bank of Zambia (the Bank) also oversees other critical Financial Market Infrastructures (FMIs). These include the Central Securities Depository (CSD) for Government securities, which the Bank operates, as well as the CSD for bonds and shares operated by the Lusaka Clearing and Settlement Agency (LCSA). The role of the Bank of Zambia

Table 1 below outlines the Financial Market Infrastructures, the services they provide, and the respective operators of each system.

Table 1: Financial Market Infrastructure and Services Offered

FMI	Services	Operator
ZIPSS /RTGS (Real Time Gross Settlement)	• Settlement	Bank of Zambia
Bank of Zambia CSD	• Government securities settlement	Bank of Zambia
LCSA CSD	• Capital Market depository, clearing, and settlement services	Lusaka Clearing and Settlement Agency
ZECHL	• National Financial Switch • Electronic Funds Transfer • Cheque Image Clearing	Zambia Electronic Clearing House

3. MEASURES UNDERTAKEN FOR EFFECTIVE OVERSIGHT OF FMIS

Over the years, the Bank of Zambia has implemented numerous measures to strengthen its oversight of Financial Market Infrastructures (FMIs) and enhance the safety, reliability, and efficiency of Zambia's payment systems. Key measures implemented with regard to FMIs include:

3.1. Training FMI Operators

To enhance the capacity of both FMI operators and Bank of Zambia staff in implementing the Principles for Financial Market Infrastructures (PFMI), the Bank has conducted a series of training programmes. These initiatives included: internal training programs conducted by the Bank in 2019, 2022 and 2023, covering the relevant PFMI principles and guidance on conducting self-assessments; and technical assistance provided by the International Monetary Fund's (IMF) Africa Regional Technical Assistance Centre (Africitac) South Office in Mauritius. This assistance encompassed training sessions for FMI operators and Bank of Zambia staff on the PFMI, conducted in 2019, 2022, and 2023.

Following the 2022 training, all FMIs were required to conduct self-assessments against the PFMI and submit their reports to the Bank for review. As a result of the training, the Zambia Electronic Clearing House published their self-assessments while others were in progress.

3.2. Developing a Robust Regulatory and Supervisory framework FMIs

The Bank continued to strengthen the regulatory framework governing the payment ecosystem through the issuance and enhancement of various directives, guidelines, and operational instruments. These measures support compliance with international standards, enhance risk management, and promote innovation and consumer protection.

Enactment of the National Payment System Act of 2026

The enactment of the National Payment System Act of 2026 represents a key intervention in strengthening the legal and regulatory framework for the payments ecosystem. The Act takes into account recent developments in the National Payment System, including the growth of digital financial services and emerging innovations. It enhances the Bank's oversight mandate, particularly over Financial Market Infrastructures (FMIs), in line with international standards, while introducing clearer licensing requirements and strengthened consumer protection provisions. The Act further promotes interoperability, competition, and innovation, thereby supporting the resilience, efficiency, and inclusiveness of the payment system.

Other key regulatory developments, among others include:

- Cyber Security Guidelines, 2023 – Require licensed entities to implement robust measures to safeguard against cyber risks and ensure operational resilience.
- Electronic Money Issuance Directives, 2023 – Revised from the 2018 framework to enhance the regulation and supervision of electronic money issuers.
- NPS (Money Transfer Services) Directives, 2021 – Provide a regulatory framework for entities offering money transfer services in Zambia.
- Regulatory Sandbox Guidelines, 2021 – Facilitate innovation by allowing controlled testing of new financial products and services within the payment ecosystem.
- Various Circulars on the National Financial Switch (NFS) – Issued to guide operational aspects including name look-up functionality, sender identification/reference, system availability, transaction approval thresholds, and the implementation of additional use cases on the NFS.
- Bank of Zambia Customer Handling and Resolution Directives, 2020 – Establish standards for complaint handling and dispute resolution to strengthen consumer protection.

- Bank of Zambia Anti-Money Laundering/Combating the Financing of Terrorism and Proliferation (AML/CFTP) Directives, 2017 – Provide guidance on AML/CFT obligations, including the identification and reporting of suspicious transactions.

These regulatory improvements have contributed to a more robust, secure, innovative, and inclusive payment system.

3.3. Proactive Identification of Potential Risks Facing FMIs

The Bank employs a risk based supervisory approach to identify potential risks that can affect FMIs. To this end the Bank applies three broad categories of risk mitigants which include the following:

- (a.) Operational mitigants such as having in place disaster recovery plans, governance arrangements and implementation of each FMI's risk management and control functions. The FMIs are periodically required to conduct disaster recovery sessions to test the recoverability of the FMIs in the case of a disaster. The Oversight Division in quarterly intervals assesses the results of the disaster recovery sessions; and
- (b.) Financial mitigants such as ensuring sufficient collateral, capital and liquidity resources

3.4. Interventions to Strengthen the Payments Ecosystem

The Bank of Zambia has implemented numerous progressive measures over the years to enhance the national payments ecosystem. These initiatives, outlined in the box below, have contributed to significant improvements within the payment landscape.

Box 1: Catalogue of Various Selected Measures/Interventions undertaken by the Bank in the Payments Ecosystem

1. Extended Operating Hours on the Zambia Interbank Payment and Settlement System

The Bank on 14 October 2023 upgraded the ZIPSS/RTGS. The upgrade entails that the RTGS was successfully migrated to the data rich International Organization for Standardization (ISO) 20022 messaging standard, and the topology of the system has been changed to allow for failover to the Virtual Private Network (VPN) network in the event that the primary network was unavailable. The migration to ISO 20022 brings several benefits to financial institutions including enhanced Straight-Through Processing (STP), enabling more detailed and structured data, which can be used for automated processing, reducing the need for manual intervention and improving operational efficiency. The Bank also upgraded the Bank of Zambia CSD to include a new investor portal which went live on 16 October 2023. The investor portal facilitates for seamless and fully digital-based bidding for government securities, as well as portfolio management, which has made the processing of bonds by the Bank of Zambia CSD more effective and efficient.

2. Cross Border Payments Reporting Plus (CBPR+) ISO20022 Migration

The Bank, working together with all Commercial Banks, successfully completed the migration to ISO 20022 for Cross Border Payments on 22 November 2025 in line with the prescribed implementation deadline. This marks a major milestone following the earlier migration of its Real Time Gross Settlement system (ZIPSS) to the ISO 20022 messaging standard on October 14, 2023. ISO 20022 offers a number of benefits including increased straight-through processing (STP) rates, reduced operational costs, enhanced regulatory compliance, and better fraud detection due to detailed, end-to-end data transmission. The timely migration highlights the readiness of the banking sector to align with global best practices in payment system infrastructure for cross border payments.

3. Onboarding of the Zambian Kwacha onto the SADC-RTGS

Building on the migration of the Zambia Interbank Payment and Settlement System (ZIPSS) to the ISO 20022 messaging standard, the Bank initiated the onboarding of the Zambian Kwacha (ZMW) onto the SADC-RTGS to enhance cross border payment efficiency and strengthen the resilience of the NPS. This initiative supports regional integration objectives and global efforts to improve cross border payment interoperability, while enabling the use of the ZMW for regional settlements and positioning the SADC-RTGS as a third level contingency arrangement for ZIPSS. The onboarding process is expected to be completed in 2026 and will provide benefits through reduced reliance on foreign currencies and improved operational resilience.

4. ISO 20022 migration and upgrade of the ZIPSS/RTGS

The Bank on 14 October 2023 upgraded the ZIPSS/RTGS. The upgrade entails that the RTGS was successfully migrated to the data rich International Organization for Standardization (ISO) 20022 messaging standard, and the topology of the system has been changed to allow for failover to the Virtual Private Network (VPN) network in the event that the primary network was unavailable. The migration to ISO 20022 brings several benefits to financial institutions including enhanced Straight-Through Processing (STP), enabling more detailed and structured data, which can be used for automated processing, reducing the need for manual intervention and improving operational efficiency. The Bank also upgraded the Bank of Zambia CSD to include a new investor portal which went live on 16 October 2023. The investor portal facilitates for seamless and fully digital-based bidding for government securities, as well as portfolio management, which has made the processing of bonds by the Bank of Zambia CSD more effective and efficient.

5. Implementation of the National Financial Switch (NFS)

In order to eliminate fragmentation of payment systems and to increase and promote interoperability of various payment streams, the Bank in collaboration with key stakeholders implemented the National Financial Switch (NFS) which facilitates the processing of ATM transactions, POS transactions and electronic/mobile money transactions. The NFS was officially launched on 19th June 2019. Instant payments went live on the NFS in April 2020 and facilitated for interoperability among different players including banks, non-banks, Fintechs and mobile money service providers.

6. Issuance of the National Payment Systems Vision and Strategy 2023 to 2027

The NPS Vision and Strategy 2023 to 2027 provides priority areas for the development of the payments ecosystem in Zambia. Some of the focus areas include promotion of open finance, implementation of a centralised Know your Customer (KYC) platform and implementing measures to support a 24/7 economy.

4. ASSESSMENT RATINGS AND ACTIONS POINTS

Table 3 below summarises the Bank's self-assessment against the Five Responsibilities in its role as overseer of systemically important payment systems (SIPS), in accordance with the PFMI's Disclosure Framework and Assessment Methodology issued by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) in December 2012.

In conducting this self-assessment, the Bank applied the assessment approach and rating system prescribed in the CPMI-IOSCO framework. Under this system, the level of observance for each Responsibility is assessed and rated as outlined below.

Box 2: Summary of Applicable Ratings Against Responsibilities²

Observed – Entails the authorities fulfil the responsibility. Any identified gaps and shortcomings are not issues of concern and are minor, manageable, and of a nature that the authorities can consider taking up in the normal conduct of their activities.

Broadly observed – Means the authorities are broadly fulfilling the responsibility. The assessment has identified one or more issues of concern that authorities are encouraged to address and follow up in a defined timeline.

Partly observed – Entails the authorities partly fulfil the responsibility. The assessment has identified one or more issues of concern that could seriously affect the reliable discharge of the responsibility by the authorities if not addressed in a timely manner. The authorities to which these concerns apply should accord a high priority to their resolution.

Not observed – Entails the authorities are not fulfilling the responsibility. The assessment has identified one or more serious issues of concern in the current discharge of the responsibility by the authorities that warrant immediate action. The authorities to which these concerns apply should accord the highest priority to their resolution.

Not applicable – Means the responsibility does not apply because of the particular institutional framework or other conditions faced by the authorities with respect to the particular responsibility.

The Bank has concluded that it broadly observes all the five responsibilities in its role as overseer of FMIs. The Bank will endeavor to work towards continued improvements to align its oversight activities over FMIs with best practices.

The table below includes some specific actions. These actions are also discussed in the detailed assessments in Appendix 1.

Table 2: Ratings of Responsibilities and Action Points

Standard	Rating	Action Points
Responsibility A: Regulation, Supervision and Oversight of systemically important payment systems	Broadly Observed	The Bank will undertake formal and periodic assessments for the designation of Systemically Important Payment Systems (SIPS) in line with the revised Oversight Framework, ensuring that all qualifying payment systems are appropriately identified and subjected to PFMI-based oversight.

² <https://www.bis.org/cpmi/publ/d106.pdf>

Standard	Rating	Action Points
Responsibility B: Regulation, Supervision and Oversight Powers and Resources	Broadly Observed	The Bank will expedite the operationalisation of the National Payment System Act of 2026 through the finalisation of subsidiary legislation, including supporting Statutory Instruments. In the interim, the Bank continues to advance preparatory work to ensure readiness for full implementation.
Responsibility C: Disclosure of Policies with respect to systemically important payment systems	Observed	None
Responsibility D: Application of the PFMI	Broadly Observed	The Bank has formally and publicly disclosed its adoption of the Principles for Financial Market Infrastructures (PFMIs). In addition, the Bank, in its role as overseer of payment systems, will henceforth publish its self-assessment against the Responsibilities for systemically important payment systems, in line with the Disclosure Framework and Assessment Methodology issued by CPMI-IOSCO, to enhance transparency and accountability
Responsibility E: Cooperation with other authorities	Broadly Observed	The Bank will strengthen collaboration and coordination with other financial sector regulators and relevant authorities, both domestically and regionally, through formal arrangements such as Memoranda of Understanding (MoUs), participation in oversight committees, and enhanced information-sharing mechanisms, to support effective oversight of FMIs and promote financial system stability.

5. SUMMARY ASSESSMENT OF OBSERVANCE OF THE RESPONSIBILITIES

5.1. Responsibility A: Regulation, Supervision and Oversight of SIPs

Authorities should clearly define and disclose their regulatory, supervisory, and oversight responsibilities for Financial Market Infrastructures (FMIs).

The Bank has revised its Oversight Framework to strengthen the regulation and supervision of the national payment system in line with international standards. The revised framework clearly defines the criteria for the designation of Systemically Important Payment Systems (SIPS), which have been publicly disclosed on the Bank's website to enhance transparency and accountability. It further clarifies the scope, objectives, and principles of oversight, as well as the Bank's role in the oversight of Financial Market Infrastructures (FMIs).

In addition, the revised framework provides for the continuous assessment and designation of payment systems to ensure that all systemically important infrastructures are subject to appropriate oversight and evaluation against the Principles for Financial Market Infrastructures (PFMIs). This is particularly important in light of ongoing developments in the payments landscape, where shifts in transaction patterns have been observed. For instance, traditional payment streams such as Check Image Clearing (CIC) have declined in both value and volume, while digital platforms such as the National Financial Switch (NFS) have grown significantly and assumed greater systemic importance.

5.2. Responsibility B: Regulation, Supervision and Oversight Powers and Resources

According to Responsibility B, Central banks, market regulators and other relevant authorities should have the powers and resources to effectively carry out their responsibilities in regulating, supervising and overseeing systemically important payment systems.

In the case of Zambia, the mandate of the Bank over payment systems is provided under the Bank of Zambia Act (2022) and the National Payment System Act of 2026. The Bank is mandated to promote efficient payment mechanisms and to regulate, supervise, and oversee payment systems (Bank of Zambia Act, 2022, Part IX, Sections 56–57). This mandate empowers the Bank to ensure the safety, efficiency, and reliability of payment systems, including powers to gather information, designate systemically important payment systems (SIPS), issue directives, and set regulatory and operational standards.

The National Payment System Act of 2026 further strengthens this mandate by enhancing the Bank's oversight powers over Financial Market Infrastructures (FMIs), including those not directly operated or supervised by the Bank. Notably, the Act provides for greater legal certainty, expanded enforcement powers, and strengthened provisions for risk management, consumer protection, and transparency within the payment ecosystem.

In line with the revised Oversight Framework, the Bank now applies a more comprehensive, risk-based, and forward-looking approach to oversight. This includes ongoing monitoring, mandatory incident reporting, and periodic assessments of FMIs against the PFMIs, as well as enhanced coordination with relevant domestic and regional authorities. The framework ensures that all FMIs falling within the statutory definition are subject to appropriate regulation, proportionate oversight, and consistent application of international standards, thereby reinforcing the resilience and stability of the national payment system.

5.3. Responsibility C: Disclosure of Policies with respect to SIPs

According to Responsibility C, Central banks, market regulators and other relevant authorities should clearly define and disclose their regulatory, supervisory and oversight policies with respect to systemically important payment systems.

The Bank has strengthened its approach to disclosure of policies relating to systemically important payment

systems (SIPS) in line with the National Payment System Act of 2026 and the revised Oversight Framework. The Act provides a clear legal basis for transparency and accountability in the oversight of the national payment system, including requirements for the disclosure of relevant policies and regulatory expectations.

Under the revised Oversight Framework, the Bank has clearly articulated and publicly disclosed the criteria for the designation of SIPS, as well as the scope, objectives, and principles of oversight, including its role in the oversight of Financial Market Infrastructures (FMIs). These disclosures are made available through the Bank's official communication channels, including its website, to ensure accessibility to all stakeholders.

In addition, the Bank has enhanced disclosure practices relating to the oversight of FMIs, including those not directly operated or regulated by the Bank. The strengthened framework also promotes transparency in areas such as incident reporting requirements, risk management expectations, and compliance with the Principles for Financial Market Infrastructures (PFMIs).

These measures support greater transparency, improve stakeholder awareness, and reinforce confidence in the safety, efficiency, and integrity of the national payment system.

5. 4. Responsibility C: Application of the PFMIs

According to Responsibility D: Market regulators and other relevant authorities should adopt the principles and apply them consistently.

The Bank has strengthened the application of the Principles for Financial Market Infrastructures (PFMIs) in line with the National Payment System Act of 2026 and the revised Oversight Framework. The Act reinforces the Bank's legal mandate to ensure that all systemically important payment systems (SIPS) and relevant Financial Market Infrastructures (FMIs) are subject to oversight and assessment against international standards.

Under the revised Oversight Framework, the Bank has formalised the approach for applying the PFMIs, including the identification and designation of SIPS, and the scope of FMIs subject to PFMI assessments. This includes both Bank-operated systems and those not directly operated or regulated by the Bank.

The framework further provides for ongoing monitoring, periodic assessments, and enforcement of compliance with the PFMIs, supported by enhanced data collection and incident reporting requirements. This ensures that FMIs operate in a safe, efficient, and resilient manner, consistent with international best practice.

These measures strengthen the Bank's ability to promote the stability and soundness of the national payment system through the consistent and comprehensive application of the PFMIs.

5. 5. Responsibility E: Cooperation with Other Authorities

According to Responsibility E, Central banks, market regulators and other relevant authorities should cooperate with each other, both domestically and internationally, as appropriate, in promoting the safety and efficiency of systemically important payment systems.

The Bank has strengthened cooperation with relevant domestic and international authorities in line with the National Payment System Act of 2026 and the revised Oversight Framework. The Act provides a clear legal basis for collaboration, information sharing, and coordinated oversight of the national payment system.

Under the revised framework, the Bank has formalised arrangements for cooperation and coordination with other regulatory and supervisory authorities, both locally and regionally, particularly in relation to the oversight of Financial Market Infrastructures (FMIs).

The framework further promotes structured information sharing, joint assessments, and coordinated responses to risks and incidents, supported by enhanced reporting requirements. These arrangements aim to ensure consistency in the application of regulatory standards, including the PFMIs, and to strengthen the overall resilience and stability of the financial system.

A detailed self-assessment against the five Responsibilities is contained in Appendix 1 below.

6. CONCLUSION AND FUTURE OUTLOOK

The Bank has made significant progress in fulfilling its mandate over the NPS in Zambia through the implementation of various interventions aimed at enhancing the safety, efficiency, and reliability of the payments ecosystem. Notably, the enactment of the National Payment System Act of 2026, together with the revised Oversight Framework, has further strengthened the Bank's legal and institutional capacity to oversee Financial Market Infrastructures (FMIs). The Bank has also advanced its fulfilment of the five PFMI Responsibilities in its role as overseer of systemically important payment systems (SIPS).

However, the payments landscape continues to evolve rapidly, driven by digital innovation, increased interoperability, and regional integration. These developments introduce new and emerging risks, including operational, cyber, and cross-border risks, which require continuous monitoring and adaptive oversight approaches.

The Bank has concluded that it broadly observes all five responsibilities and remains committed to further strengthening its oversight practices. Going forward, the Bank will focus on operationalising the National Payment System Act of 2026, enhancing risk-based and forward-looking oversight, strengthening collaboration with domestic and regional authorities, and ensuring full alignment with international standards, particularly the PFMIs.

The Bank will therefore continue to implement the identified action points and reforms to support a resilient, efficient, inclusive, and well-regulated payment system that underpins financial stability and economic

Appendix 1 - Detailed Assessment of Observance of the Responsibilities

The assessment below highlights the Bank of Zambia's detailed assessment of how well it observes the Responsibilities in its regulation and oversight of systemically important payment systems, including responses to all the Key Considerations under each Responsibility. In its assessment, the Bank has applied the rating system described in Section 4 above.

Detailed Assessment of observance of the Responsibilities	
Responsibility A on Regulation, Supervision and Oversight of FMIs	
FMIs should be subject to appropriate and effective regulation, supervision, and oversight by a central bank, market regulator, or other relevant authority.	
Key Considerations	Description
Key consideration 1: 1. Authorities should clearly define and publicly disclose the criteria used to identify FMIs that should be subject to regulation, supervision, and oversight.	The Bank of Zambia has identified a number of financial market infrastructures which it has categorized as Systemically Important (SIPS). These are publicly disclosed on the Bank of Zambia website under the Payment Systems section of the website. These FMIs are defined as any system whose failure has the potential to trigger systemic risk and have an effect on the wider economy of the country. The Bank has categorized the following systems in Zambia as being of systemic importance: • ZIPSS; • Electronic Funds Transfer (EFT) System; • Cheque Image Clearing (CIC) System; • The Bank of Zambia Central Securities Depository for Government Securities; and, • The LCSA CSD for shares and corporate bonds The Bank has recognised NSIPS which are additional payment systems in Zambia. Under this category of payment systems, the following are available: • Remittances/Money Transfer Systems; • Domestic Money Transfer Systems • International Money Transfer Systems; • Automated Teller Machines (ATMs); • Point of Sale (PoS); and, • Mobile payments. Much as the Bank has identified systemically important FMIs which are to be subjected to PFMI on an ongoing basis, the criteria used to determine whether a given FMI is systemically important is not publicly disclosed. The Bank will therefore endeavor to revise its oversight framework document to clearly include the criteria for determining SIPS which should be publicly disclosed on the Bank's website to ensure full compliance with this

Detailed Assessment of observance of the Responsibilities

Responsibility A on Regulation, Supervision and Oversight of FMIs

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

Key Considerations

Description

responsibility. The revised oversight framework will in addition to defining the criteria for designating SIPS also define, inter alia, the scope and objectives of oversight and the bank's role with respect to oversight of other FMIs.

It is, however, worth noting that although this criteria has not been documented, the identification of SIPS by the bank fulfil general criterion used by most overseers. For instance, in the case of the ZIPSS, it meets the following criteria used by other jurisdictions for instance:

- Firstly, the ZIPSS is the principal domestic payment system in terms of the aggregate value of payments;
- Secondly, the ZIPSS settles a significant percentage of the value of non-cash payments in Zambia;
- Thirdly, the ZIPSS also mainly handles time-critical payments;
- Fourth, it is a high-value payment system; and,
- Lastly the ZIPSS is used to effect settlement of payment instructions arising in other systemically important FMIs, such as the ZECH and LCSA CSD.

In accordance with the Bank of Zambia Act (2022) Part IX, Sections 56 & 57 mandate the Bank to formulate appropriate policies that ensure safe, reliable, and efficient payment systems. The mandate of the Bank over payment systems is also derived from the NPSA, 2007. In order, to promote ongoing observance of this responsibility, the Bank will review current developments in the payments landscape to establish whether any payment systems other than the ones currently designated as systemically important should also be subject to ongoing oversight and assessments against the PFMI. This is in recognition of changes in the payments landscape which has seen some payment streams such as cheques that have dropped in transaction values and volumes being overtaken by other payment streams.

In order to provide guidance on the operations of various payment systems, participants and operators of such payment systems are required to establish

Detailed Assessment of observance of the Responsibilities

Responsibility A on Regulation, Supervision and Oversight of FMIs

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

Key Considerations	Description
	rules. The rules prescribe the expected behaviour of the various parties in the payment system itself to ensure fair treatment of the various stakeholders affected by the payment system. They describe the obligations that stakeholders are expected to meet under different circumstances. Below are some of the rules for the various payment and settlement systems that operate in Zambia: • The ZIPSS Rules; and, • The Zambia Electronic Clearing House (ZECH) Rules.
Key consideration 2: 2. FMIs that have been identified using these criteria should be regulated, supervised, and overseen by a central bank, market regulator, or other relevant authority.	The Bank has identified FMIs which it deems as systemically important which include the following: (1) The ZIPSS (RTGS) operated by the Bank and under the oversight of the Bank. (2) DDACC system operated by ZECHL and under the oversight of the Bank. (3) The CIC operated by ZECHL and under the oversight of the Bank. (4) National Financial Switch (NFS) operated by ZECHL (5) The CSD for Government Securities operated by the Bank and under the oversight of the Bank. (6) The LCSA CSD for shares and corporate bonds operated by LCSA and under the oversight of the SEC and the Bank through the MoU signed between the two market authorities. All the FMIs designated as systemically important be it those operated by the Bank itself or those operated by entities other than the Bank are all subjected to and assessed against the relevant PFMI and are all overseen by the Bank of Zambia. In the case of the LCSA CSD whose primary regulator is the SEC, the Bank and SEC signed an MoU on 3 December 2021 to allow the Bank work with the SEC to effectively oversee the LCSA CSD on issues related to PFMI. Further, for the Bank operated FMIs, these are also subject to the normal governance arrangements of the Bank of Zambia as they are not set up as separate legal entities and are also as stated already under the oversight of the Bank through the Payment Systems Department. For the FMIs operated by the LCSA and ZECHL, these are also subject to normal

Detailed Assessment of observance of the Responsibilities

Responsibility A on Regulation, Supervision and Oversight of FMIs

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

Key Considerations	Description
	governance structures of their entities under which they fall. To further support the independence and effectiveness of its oversight of the ZIPSS, the Bank's Payment Systems Development & Operations Division and the Payment Systems Oversight Division are set up as separate divisions to ensure effective oversight of the ZIPSS.
Key Conclusions for Responsibility	The Bank of Zambia has identified FMIs it considers as systemically important and subjects these FMIs to the PFMI which the Bank formerly adopted in 2015. All systemically important FMIs are under the oversight of the Bank of Zambia and one is under dual oversight of the Bank and the SEC through an MoU. The Bank however needs to review and enhance its Oversight Framework to, inter alia, clearly define the criteria for designating FMIs as SIPS, defining the Bank's scope, and the bank's role with respect to oversight of other FMIs. The revised Oversight Framework will be publicly available.
Assessment of Responsibility	Broadly Observed
Recommendations and Comments	The Bank will undertake formal and periodic assessments for the designation of Systemically Important Payment Systems (SIPS) in line with the revised Oversight Framework, ensuring that all qualifying payment systems are appropriately identified and subjected to PFMI-based oversight.

Responsibility B on Regulation, Supervision and Oversight Powers

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

Key Considerations	Description
Key Consideration 1: Authorities should have powers or other authority consistent with their relevant responsibilities, including the ability to obtain timely information and to induce change or enforce corrective action.	The Bank has principal responsibility for the regulation and oversight of payment systems which include SIPS in Zambia. The mandate is contained in the Bank of Zambia Act, 2022 and the NPSA, 2007. The Bank is mandated to promote efficient payment mechanisms and to regulate and supervise payment systems (Bank of Zambia Act 2022, Part IX, S. 56 - 57). The mandate empowers the Bank to ensure safety and efficiency of payments systems, including powers to gather information, and to designate and set standards for payment systems. More specifically, S.5 of the NPSA (2007) empowers the Bank to regulate and oversee the operations of payment systems to ensure the integrity, effectiveness, efficiency, competitiveness and security of the payment systems so as to promote the stability and safety of the Zambian financial system. The Bank is also empowered under this section to designate any particular payment system or such other payment systems as it considers necessary to ensure efficiency. The requirements for designation are also clearly provided for in S.6 and S.7 guides on applications for designation. Further, S.9 of the NPSA empowers the Bank to issue directives to ensure that the NPS is not exposed to adverse risks. With regard to the LCSA CSD, the mandate of the Bank is through the MoU that was signed between the Bank and SEC in December 2021, the primary market regulator for LCSA. The powers of the Bank also extend to regulate payment systems currently classified as NSIPS such as mobile money. The Bank has also established governance arrangements to support the effective oversight of FMIs for the bank's operated FMIs. The Bank's Payment Systems Oversight Division has access to data and information on FMIs as they submit information on transaction values and volumes as well as system availability levels and also on incidences that occur. Payment Systems Oversight Division also has access to a wide range of FMI data, such as on liquidity, usage, access, and participant-level incidents. To ensure visibility of all incidences that occur on the Bank operated FMIs, incident reports are shared with the

Responsibility B on Regulation, Supervision and Oversight Powers

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

Key Considerations	Description
	Oversight Division as and when they are generated. The Bank will however need to enhance the filing of incidence reports to the Oversight Division by systemically important FMIs. The Payment Systems Department also employs a practice of inclusiveness when it comes to attending working level meetings to ensure that all Divisions are current on issues affecting FMIs. This practice ensures that adequate opportunities are available to discuss material developments and identify oversight priorities. Power to obtain information The Bank is empowered under Section 29 (Access to information and confidentiality) of the NPSA (2007) to access records of payment service providers. In this regard, the Bank obtains information through monthly returns which are done through offsite reviews. Further, the Bank conducts risk based onsite inspections where necessary and makes ad-hoc requests of information from reporting entities. Powers to induce change or enforce corrective actions The Bank has multiple tools that can be utilised for inducing change in the operations of FMIs. Most notably, the Bank issues directives, circulars, and guidelines to induce change as authorized under the by the NPSA (2007). The Bank further monitors compliance of payment system participants and can impose sanctions on participants that are not adhering to the provisions of relevant laws and regulations, directives, and circulars issued by the Bank from time to time.
Key Consideration 2: Authorities should have sufficient resources to fulfil their regulatory, supervisory, and oversight responsibilities.	The Payment Systems Department of the Bank is responsible for the oversight of SIPS including FMIs. The Department is adequately resourced with diversely qualified staff who are responsible for the oversight of FMIs, operations of the RTGS, policy formulation, research and designations. The diversity of the staff's qualifications and experience helps to tackle and appreciate payment systems matters that are cross cutting in nature. The Department also extensively co-ordinates with other Departments in the Bank such as Information and Communications Technology (ICT), Legal, Prudential Supervision, Financial Conduct and Internal Audit.

Responsibility B on Regulation, Supervision and Oversight Powers

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

Key Considerations	Description
	The Bank has also put in place formal human resources policies designed ensure that all employees have the requisite skills and experience to perform their duties. The Department has also provided for capacity building opportunities through attendance of relevant training and workshops both virtually and in person on issues affecting FMIs. This is done through annual training plans for the Department. Employees responsible for the oversight of SIPS also have experience in payments and settlement issues while departmental management team also have extensive experience in payment systems and a fair number of years of experience. The Bank allocates reasonably sufficient resources through the internal budgetary process to the Payment Systems Department to support the activities of the Department and ensure that it fulfils its mandate through an internal budgeting process. The Bank of Zambia Act (2022) and the NPSA (2007) provide for the immunity of Bank staff as they discharge their duties. Further, the Bank receives notifications of changes to FMI rules for the ZIPSS, LCSA, ZECH and BoZ CSD.
Key conclusions for Responsibility	The Bank has sufficient powers to supervise and regulate FMIs and powers to obtain information from FMIs. Further, the Bank has resources to fulfil its responsibilities and adequate powers to institute or induce change.
Assessment of Responsibility	Broadly Observed
Recommendations and Comments	In The Bank will expedite the operationalisation of the National Payment System Act of 2026 through the finalisation of subsidiary legislation, including supporting Statutory Instruments, once the new Government is constituted. At the time of publishing this report, Cabinet had been dissolved due to the scheduled general elections, temporarily delaying the process. In the interim, the Bank continues to advance preparatory work to ensure readiness for full implementation.

Responsibility C on Disclosure of policies with respect to FMIs

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

Key Considerations	Description
Key consideration 1 Authorities should clearly define their policies with respect to FMIs, which include the authorities' objectives, roles, and regulations.	To ensure that the infrastructure supporting the financial markets are robust and well placed to withstand financial shocks, the Bank of Zambia developed the Payment Systems Oversight Framework to guide its oversight activities and in February 2015 adopted the PFMI as a standard risk management framework for SIPS. The principles apply all the systemically important FMIs as designated by the Bank. The high-level mandate of the Bank with regard to the payments systems is clearly set out in statute under Part IX in Section 56 of the Bank of Zambia Act, 2022 which states as follows: (1) The Bank shall designate, manage, regulate, and supervise the payment system in order to: (a.) Ensure its proper functioning so as to preserve the safety, stability, integrity, transparency, accountability, effectiveness and efficiency of payment, clearing and settlement systems and the financial system as a whole; (b.) Ensure fair, open and equitable access to the payment system; and (c.) Oversee payment, clearing and settlement systems and their participants. Further, the Bank's mandate contained in the NPSA, 2007 is clearly stated in the objective of the Act and stated as reproduced below. The objective of the NPSA is to do the following: (a.) Provide for the management, administration, operation, supervision and regulation, of payment, clearing and settlement systems; (b.) Empower the Bank of Zambia to develop and implement payment, clearing and settlement systems policy so as to promote efficiency, stability and safety of the Zambian financial system. The above statutory mandates allow the Bank to have effective oversight of the FMIs to ensure safe, reliable and efficient payment systems. The policies promulgated are consistent with the Bank's overall

Responsibility C on Disclosure of policies with respect to FMIs

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

Key Considerations	Description
	mandate. This is achieved through on-going oversight of the FMIs by the Bank by assessing their conformance to the PFMI through assessments and normal governance structures of the Bank and entities hosting the FMIs. In order to ensure clarity of the regulatory framework for SIPS on an ongoing basis, the Bank commits to publishing updated self-assessments against the responsibilities with respect to systemically important payment systems at least every five years as required or if there are material changes to the facts on which the assessment is based. Further, consistent application of the Principles across and within FMI types for which the Bank is the overseer is achieved by ensuring that all FMI types fall under the Payment Systems Oversight Division under the Payment Systems Department. Consistency is also supported by requiring that assessments of each relevant FMI's observance of the principles. All systemically important FMIs are therefore required to periodically conduct self -assessments against the PFMI which are intended to assist operators of the systems to identify any shortcomings in their systems and operating arrangements pertaining to their systems and operations. Where shortcomings are noted, these are required to be remedied by the operators within agreed timelines.
Key consideration 2 Authorities should publicly disclose their relevant policies with respect to the regulation, supervision, and oversight of FMIs.	The Bank's policies with respect to FMIs is articulated in the Oversight Framework and the Bank's commitment is also publicly stated on the Bank's website. The Bank formally adopted the PFMI in 2015 and the Bank has clearly committed to ensuring that the PFMI are applied to all systemically important FMIs which the Bank has identified. These include the ZIPSS (RTGS), the Bank operated CSD for Government Securities, the LCSA CSD for shares and corporate bonds and the ZECH. Further details are highlighted below. CB Circular 4/15 The Bank of Zambia on 3 February 2015 issued CB Circular 4/2015 advising all institutions operating FMIs on the requirement to comply with the applicable PFMI.

Responsibility C on Disclosure of policies with respect to FMIs

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

Key Considerations	Description
	The Circular also required the FMIs to conduct self-assessments and submit these to the Bank of Zambia. Refer to the link below: https://www.boz.zm/Circular2015-04IssuanceofPFMIS.pdf Bank of Zambia Website Further, the Bank of Zambia has disclosed on its website, the development of the Payment Systems Oversight Framework to guide its oversight activities and adopted the PFMIIs. Payment Systems Oversight Framework The Bank has an Oversight Framework which clearly articulates and publicly discloses the criteria for the designation of SIPS, as well as the scope, objectives, and principles of oversight, including its role in the oversight of Financial Market Infrastructures (FMIs). These disclosures are made available through the Bank's official communication channels, including its website, to ensure accessibility to all stakeholders.
Key conclusions for Responsibility	The Bank as overseer of FMIs has publicly disclosed its regulatory, supervisory and oversight policies with respect to FMIs.
Assessment of Responsibility	Observed
Recommendations and Comments	None

Responsibility D: Application of the principles for FMIs

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

Key Considerations	Description
Key Consideration 1: Authorities should adopt the CPSS-IOSCO Principles for financial market infrastructures	The Bank formerly adopted the PFMI in 2015 and has committed to consistently apply the PFMI without exception to all FMIs as minimum risk management standards to be conformed to by all FMIs. Consistency in application of the standards is important because these FMIs depend on each other in many respects due to integrations for purposes of final settlement of transactions in some cases for instance.
Key Consideration 2: Authorities should ensure that these principles are, at a minimum, applied to all systemically important payment systems, CSDs, SSSs, CCPs, and TRs.	The Bank having adopted the PFMI applies the PFMI to all the systemically important payment systems it has identified apart from CCPs and Trade repositories which don't exist in Zambia. This is through assessments against the PFMI done on an ongoing basis. Those not being conformed to are noted and corrective actions are recommended for remedial measures to be put in place.
Key Consideration 3: Authorities should apply these principles consistently within and across jurisdictions, including across borders, and to each type of FMI covered by the principles.	The Bank of Zambia having formerly adopted the PFMI ensures that all FMIs including systemically Important payment systems are subjected to all applicable PFMI. Consistent application of the principles across and within FMI types for which the Bank is the overseer is achieved by ensuring that all FMI types fall under the payment systems oversight division under the Payment Systems Department. Consistency is also supported by requiring that assessments of each relevant FMI's observance of the principles. The Bank reviews the self-assessment reports for the various FMIs against the PFMI to ensure consistency. The bank also notes any inadequacies/shortcomings and recommends corrective actions and requires that periodic quarterly updates are provided by the operators of the FMIs. Staff within the Payment Systems Department subject the self-assessment reports to various levels of review for quality control and noting any short comings from the assessments. the Bank has not yet established a separate Payments Systems Committee, but all payments related issues are reported to a Supervisory Policy Committee which considers all policy related matters under the supervisory ambit of the Bank in the financial sector. The Bank needs to enhance its reviews and enforcement mechanisms to ensure full compliance and where possible begin to undertake on site visits to confirm positions given in self-assessment reports against PFMI.

Responsibility D: Application of the principles for FMIs

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

Key Considerations	Description
	The Bank applies a number of mechanisms to promote consistent application of the PFMI through coordination. All Bank staff involved in overseeing the various FMI types are part of a single section within the Payments Systems Department. This team holds regular meetings at which issues affecting each type of FMI are discussed.
Key Conclusions	The Bank has formerly adopted the PFMI which it uniformly applies to all SIPS in the country. Furthermore, the Bank has ensured that all FMI operators were trained on PFMI and how to conduct self-assessments against the PFMI.
Assessment of Responsibility	Broadly Observed
Recommendations and Comments	The Bank, in its role as overseer of payment systems, will henceforth publish its self-assessment against the Responsibilities for systemically important payment systems, in line with the Disclosure Framework and Assessment Methodology issued by CPMI-IOSCO, to enhance transparency and accountability

Responsibility E: Cooperation with other Authorities

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

Key Considerations	Description
Key Consideration 1: Relevant authorities should cooperate with each other, both domestically and internationally, to foster efficient and effective communication and consultation in order to support each other in fulfilling their respective mandates with respect to FMIs. Such cooperation needs to be effective in normal circumstances and should be adequately flexible to facilitate effective communication, consultation, or coordination, as appropriate, during periods of market stress, crisis situations, and the potential recovery, wind-down, or resolution of an FMI.	Mechanisms for domestic cooperation are in place between the Bank and other Market Authorities such as the SEC through an MoU signed in 2021. Further, coordination also exists with the Ministry of Finance and with the operators of the BoZ CSD and ZECH both formally and through informal channels. The Bank also engages with oversight committees for regional payment systems, which supports cross-border cooperation, harmonisation of standards, and coordinated risk management across jurisdictions. The Bank however needs to enhance its cooperation arrangements with SEC under the MoU to include frequent exchange of information through formal and less formal channels where necessary.
Key Consideration 2: If an authority has identified an actual or proposed operation of a cross-border or multicurrency FMI in its jurisdiction, the authority should, as soon as it is practicable, inform other relevant authorities that may have an interest in the FMI's observance of the CPSS-IOSCO Principles for financial market infrastructures.	Not Applicable. Currently there are no FMIs that can be classified as cross-border or multicurrency. Where the Bank may become aware of any cross-border payment system or multicurrency payment system, it would alert other authorities in relevant foreign jurisdictions and domestically.
Key Consideration 3: Cooperation may take a variety of forms. The form, degree of formalization and intensity of cooperation should promote the efficiency and effectiveness of the cooperation and should be appropriate to the nature and scope of each authority's responsibility for the supervision or oversight of the FMI and commensurate with the FMI's systemic importance in the cooperating authorities' various jurisdictions. Cooperative arrangements should be managed to ensure the efficiency and effectiveness of the cooperation with respect to the number of authorities participating in such arrangements.	The cooperation arrangement in place with the SEC is tailored to the nature and scope of the cooperation envisaged by the two authorities which also considers the systemic importance of the FMI in question.
Key Consideration 4: For an FMI where cooperative arrangements are appropriate, at least one authority should accept responsibility for establishing efficient and effective cooperation among all relevant authorities. In international cooperative arrangements where no other authority accepts this responsibility, the presumption is the authority or authorities with	For the Cooperative arrangement through the MoU with the SEC, the Bank needs to recognize the SEC as the primary regulator to establish efficient and effective cooperation between the two authorities with respect to the FMI.

Responsibility E: Cooperation with other Authorities

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

Key Considerations	Description
primary responsibility in the FMI's home jurisdiction should accept this responsibility.	
Key Consideration 5: At least one authority should ensure that the FMI is periodically assessed against the principles and should, in developing these assessments, consult with other authorities that conduct the supervision or oversight of the FMI and for which the FMI is systemically important	The Bank of Zambia undertakes assessments of the LCSA CSD against PFMI's.
Key Consideration 6: When assessing an FMI's payment and settlement arrangements and its related liquidity risk-management procedures in any currency for which the FMI's settlements are systemically important against the principles, the authority or authorities with primary responsibility with respect to the FMI should consider the views of the central banks of issue. If a central bank of issue is required under its responsibilities to conduct its own assessment of these arrangements and procedures, the central bank should consider the views of the authority or authorities with primary responsibility with respect to the FMI.	The requirement of this responsibility is adhered to but the Bank needs to realign approach to ensure that this is fully complied with.
Key Consideration 7 Relevant authorities should provide advance notification, where practicable and otherwise as soon as possible thereafter, regarding pending material regulatory changes and adverse events with respect to the FMI that may significantly affect another authority's regulatory, supervisory, or oversight interests.	As far as this responsibility is concerned, the Bank will coordinate with the SEC as the primary regulator for LCSA.
Key Consideration 8 Relevant authorities should coordinate to ensure timely access to trade data recorded in a TR	This is not applicable to systemically important FMIs in Zambia as no fully functional Trade Repository exists in Zambia.
Key Consideration 9 Each authority maintains its discretion to discourage the use of an FMI or the provision of services to such an FMI if, in the authority's judgment, the FMI is not prudently designed or managed, or the principles are not adequately observed. An authority exercising such discretion should provide a clear rationale for the action taken both to the FMI and	All FMIs in Zambia are given authorisation by the Bank and the Bank reviews their designs. If it was considered that a SIPS was not prudently designed or well managed, or that the PFMI's were not adequately observed, this would be raised by the relevant authorities.

Responsibility E: Cooperation with other Authorities

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

Key Considerations	Description
to the authority or authorities with primary responsibility for the supervision or oversight of the FMI.	
Key Consideration 10 Co-operative arrangements between authorities in no way prejudice the statutory or legal or other powers of each participating authority, nor do these arrangements constrain in any way an authority's powers to fulfil its statutory or legislative mandate or its discretion to act in accordance with those powers.	Co-operative arrangements between authorities do not affect the respective regulatory mandates of the authorities. Authorities are required to perform the responsibilities assigned to each of them by their respective statutes regardless of any cooperative arrangement they may enter to with each other or with other authorities.
Key Conclusions for Responsibility	Co-operative arrangements between authorities do not affect the respective regulatory mandates of the authorities. Authorities are required to perform the responsibilities assigned to each of them by their respective statutes regardless of any cooperative arrangement they may enter to with each other or with other authorities.
Assessment of Responsibility	Cooperation with relevant authorities needs to be enhanced
Recommendations and Comments	The Bank will strengthen collaboration and coordination with other financial sector regulators and relevant authorities, both domestically and regionally, through formal arrangements such as Memoranda of Understanding (MoUs), participation in oversight committees, and enhanced information-sharing mechanisms, to support effective oversight of FMIs and promote financial system stability.



Bank of Zambia



Bank of Zambia

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