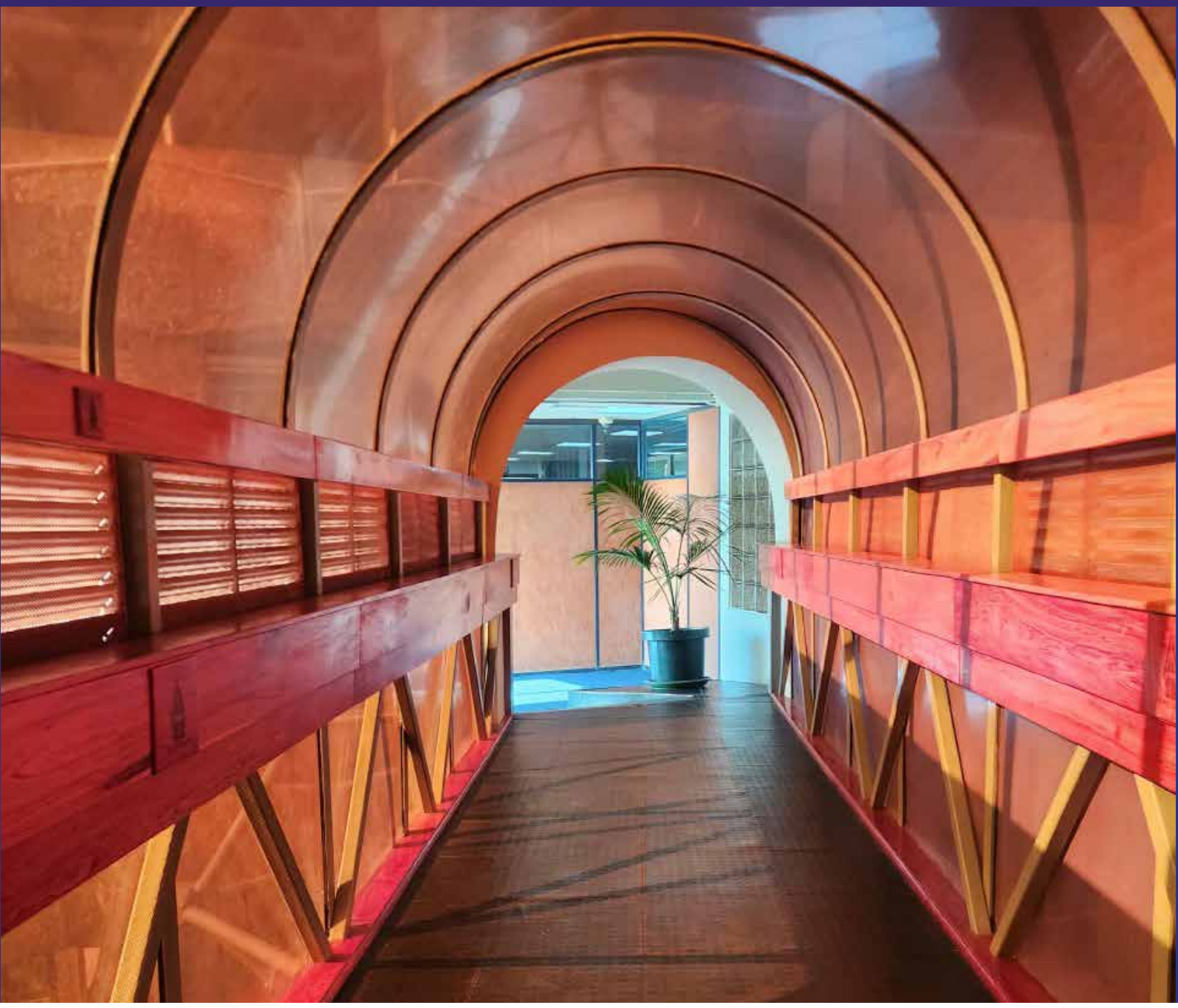
ZAMBANKER

JUNE 2026 EDITION

Bank of Zambia

A BANK OF ZAMBIA JOURNAL



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- ZAMBIA'S FINANCIAL INCLUSION SURGES TO 80.1% IN 2025
- POLICY RATE CUT TO 13.25%

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www.boz.zm

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

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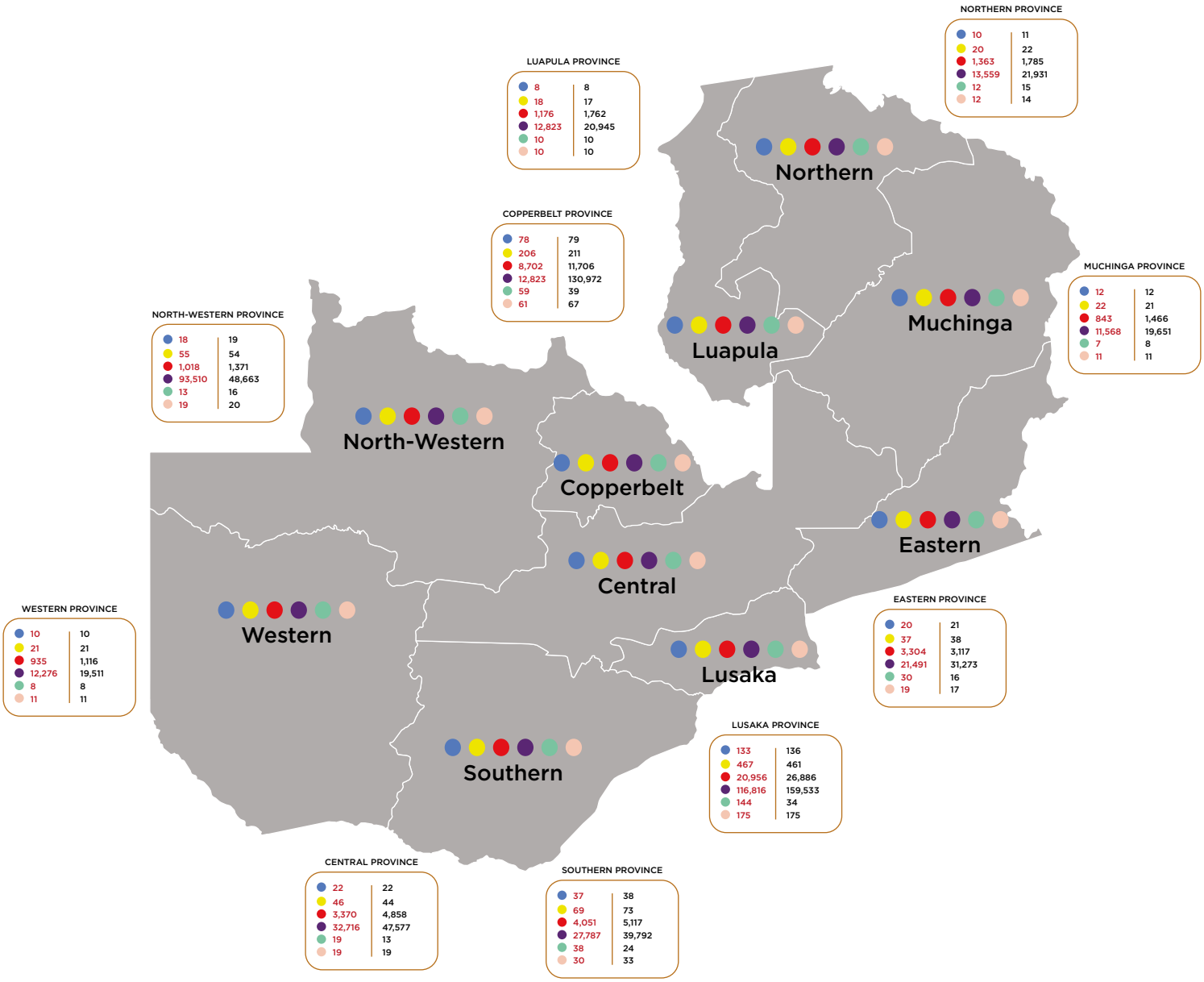
DISTRIBUTION OF FINANCIAL ACCESS POINTS



KEY GUIDE

- Commercial Banks (CB) Branches
- Automated Teller Machines (ATM)
- Point of Sale (PoS)
- Active Mobile Money Agents (Agents)
- Deposit Talking NBFIs Branches and Agents
- Non Deposit Talking NBFIs
- 2024 Statistics
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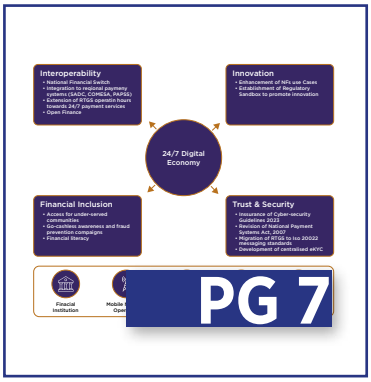
BOZ COMMITS K5 BILLION TO UNLOCK AFFORDABLE FINANCE FOR MSMES

In a major boost to local enterprise, the Bank of Zambia (BoZ) has announced a K5 billion commitment to launch the Small Business Growth Initiative (SBGI), aimed at expanding access to affordable finance for micro, small, and medium enterprises (MSMEs).

ZAMBIA'S FINANCIAL INCLUSION SURGES TO 80.1% IN 2025, DRIVEN BY DIGITAL FINANCE

Zambia has recorded a significant rise in financial inclusion, with the proportion of the population accessing financial services increasing to 80.1% in 2025 from 69.4% in 2020. The latest findings from the 2025 FinScope Survey, launched by the Bank of Zambia, point to rapid growth in mobile money and digital financial services as key drivers of the expansion.





CURRENCY DIRECTIVES GAIN TRACTION AS CORPORATES EMBRACE THE KWACHA

Bank of Zambia Governor Dr. Denny Kalyalya says the economy is already showing tangible signs of adjustment following the issuance of the new Currency Directives. Several major corporates have shifted domestic supplier payments to Kwacha, while commercial banks are upgrading systems to enable real-time currency conversion and tighter reporting.

POLICY RATE CUT TO 13.25%

The Bank of Zambia's Monetary Policy Committee (MPC), at its meeting held on May 11-12, 2026, reduced the benchmark Monetary Policy Rate by 25 basis points to 13.25%, citing a sharp fall in inflation, a bumper maize harvest outlook, and a stabilised Kwacha.





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The Bank of Zambia (BoZ) has raised concerns over the elevated ratio of non-performing loans (NPLs) among public service workers, warning that unmanaged debt in the sector poses a growing threat to financial stability.

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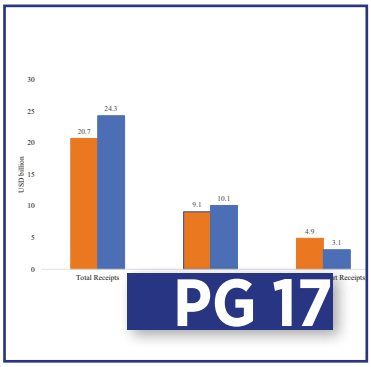
The Bank of Zambia and industry stakeholders have launched the Standardised Mobile Money Agent Training Manual, establishing a uniform operational framework aimed at strengthening consumer protection and trust across Zambia's digital economy. The initiative seeks to professionalise mobile money agents in their role as the primary access point for formal financial services for a large part of the population.


PG 15



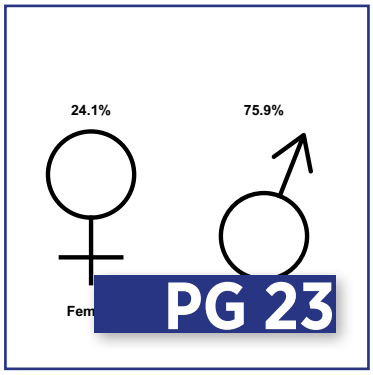
PG 17

E-BOP MONITORING SYSTEM UPGRADED TO MEET EVOLVING DATA NEEDS

The Bank of Zambia has significantly enhanced its Electronic Balance of Payments (e-BoP) System, marking another milestone in the modernisation of the country's external sector statistics infrastructure. The upgraded platform has been designed to respond to Zambia's growing data requirements, changing payment landscape, and increasing policy demands, while strengthening the quality, accuracy, and timeliness of information used in economic decision-making.

INFLATION EXPECTATIONS IN ZAMBIA: ANCHORED OR DE-ANCHORED?

The critical importance of anchoring inflation expectations has, over the years, become increasingly entrenched as a key principle of modern central banking. In particular, emphasis has been placed on the role of inflation expectations in influencing monetary policy outcomes and the need to anchor these expectations to the inflation target.



PG 23


PG 51

CAN WE JUST LIVE?

There was a time when you could do something simply because you liked it. You could go for a run because the weather was nice. You could read a book because the story looked interesting. You could spend an entire Sunday doing absolutely nothing productive and not feel like you had somehow wasted the day.

BOZ COMMITS K5 BILLION TO UNLOCK AFFORDABLE FINANCE FOR MSMES

By Zambanker Reporter



In a major boost to local enterprise, the Bank of Zambia (BoZ) has announced a K5 billion commitment to launch the Small Business Growth Initiative (SBGI), aimed at expanding access to affordable finance for micro, small, and medium enterprises (MSMEs).

Speaking on behalf of Bank of Zambia Governor Dr. Denny H. Kalyalya at the official opening of the Africa Impact Summit 2026 at Ciela Resort, Deputy Governor Operations, Dr Francis Chipimo revealed that the facility is at an advanced stage of implementation and is slated for launch between late September and early October this year.

Developed in partnership with the National Advisory Board for Impact Investment Zambia (NABII Zambia), the SBGI is designed to incentivise financial service providers to expand affordable credit to small businesses. The initiative will leverage credit guarantees, a learning lab, and technical assistance to establish a self-sustaining, private sector-led credit market.

"If Africa is to transform at scale, our MSMEs must not remain at the margins of finance, they must be placed at the centre of our investment agenda," Dr. Chipimo said, explaining that the SBGI is expected to attract additional development finance institutions and strategic investors to introduce further instruments, such as an equity sleeve.

The summit, convened jointly by NABII Zambia and the Africa Impact Investing Group under the theme *"Beyond Borders: Scaling Impact and Innovation for Africa's Sustainable Transformation,"* brought together policymakers, private sector investors, and development partners to tackle the continent's persistent credit crunch.

Dr. Chipimo noted that limited access to affordable global capital continues to hinder African development, making the mobilisation of domestic resources including underutilised funds held by pension funds and insurance companies a top priority.

"As central banks, our core mandates are clear, to maintain price and financial system stability... but our core mandates must be seen as critical and indispensable anchors, not rigid straightjackets," he stated, calling for aligned regulatory frameworks and cross-border platforms under regional blocs like SADC, COMESA, and the AfCFTA.

> **...the facility is at an advanced stage of implementation and is slated for launch between late September and early October this year**

He elaborated that Zambia has made notable progress in the macroeconomic environment, pointing to:

- **Lower Inflation:** Inflation eased to 6.6% in May, supported by a strong maize harvest and an appreciating Kwacha exchange rate.
- **Increased Reserves & Debt Progress:** Boosted gross international reserves, reduced fiscal deficits, and progress on debt restructuring have reinforced broader economic stability.
- **Surging Financial Inclusion:** According to the BoZ 2025 FinScope Survey, financial inclusion in Zambia reached 80.1%, up from 69.4% in 2020.

"For the Bank of Zambia, we have undertaken a deliberate overhaul of the regulatory framework through amendments to the Banking and Financial Services Act and the National Payment Systems Act as well as the enactment of the Zambia Deposit Insurance Corporation Act. Additionally, we issued the Banking and Financial Services (Deposit Insurance) Directives in 2025, which brought into effect the current arrangement of the Deposit Insurance Scheme within the Bank of Zambia. These reforms are intended to provide a stable foundation upon which the Zambian financial ecosystem can continue to grow," he said.

He urged stakeholders to turn discussions into tangible investment solutions.

ZAMBIA'S FINANCIAL INCLUSION SURGES TO 80.1% IN 2025, DRIVEN BY DIGITAL FINANCE

By Zambanker Reporter

Zambia has recorded a significant rise in financial inclusion, with the proportion of the population accessing financial services increasing to 80.1% in 2025 from 69.4% in 2020.

The latest findings from the 2025 FinScope Survey launched by the Bank of Zambia, point to rapid growth in mobile money and digital financial services as key drivers of this expansion.

Speaking at the official launch, Bank of Zambia Governor Dr. Denny Kalyalya described the FinScope Survey as a critical "system-level diagnostic" that provides insight into how individuals and households access, use, and experience financial services in an increasingly digital economy.

"This demand-side perspective is especially vital in an era of rapid digitalisation, accelerating innovation, and new delivery channels, including mobile money, fintech solutions, and digital credit and savings platforms," he said.

Dr. Kalyalya emphasised the link between financial inclusion and financial stability, noting that household financial behaviour provides key insights into broader economic resilience and potential systemic risks.

He stated that the survey findings would inform regulatory priorities, particularly in payment systems oversight, consumer protection, and market conduct, as Zambia advances towards a more interoperable and digitally integrated financial ecosystem.

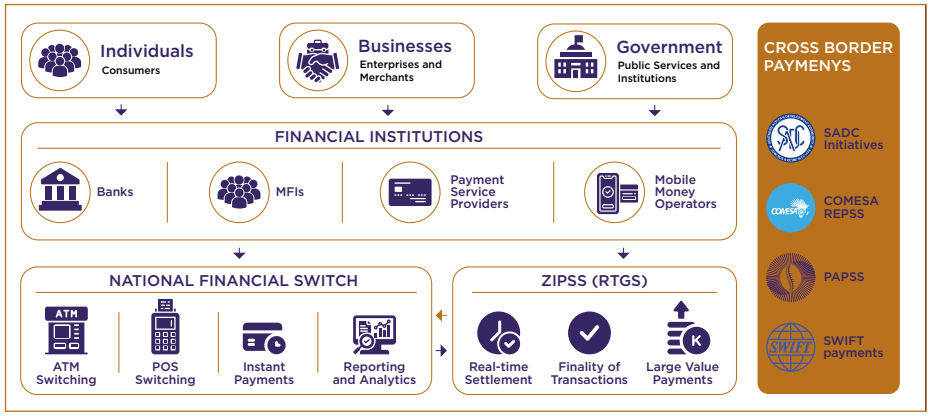
"It strengthens our ability to ascertain whether access is translating into meaningful, safe, and sustained usage, and whether the products reaching the market are appropriate, trusted, and truly improving the day-to-day lives of consumers," he said.

Dr. Kalyalya, however, cautioned that increased access must be matched by meaningful usage, affordability and strong consumer protection to ensure long-term benefits.

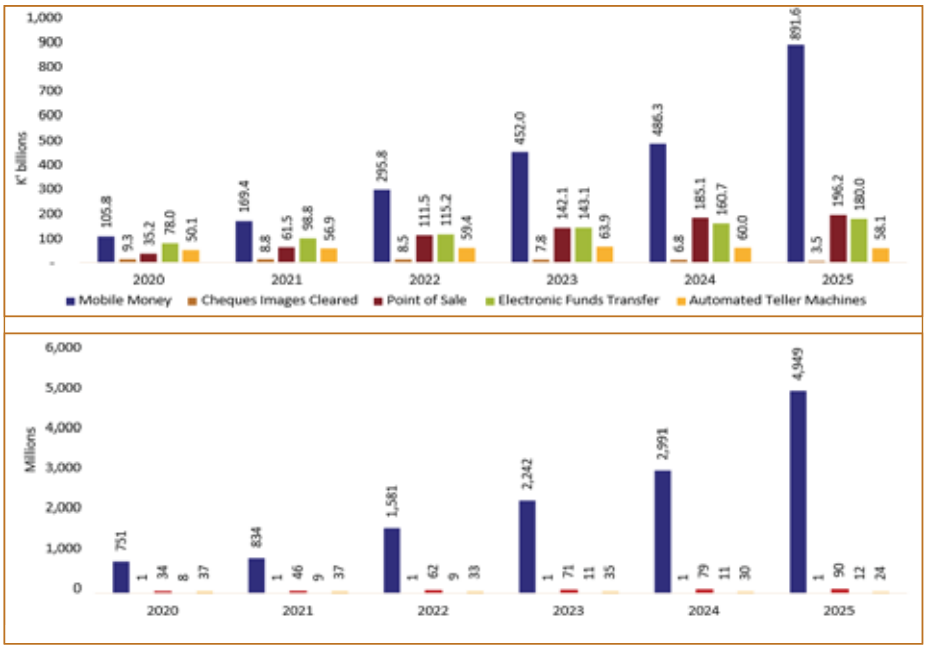
"The FinScope results are not just statistics; they reflect the lived realities of our people," he said, urging financial institutions, innovators, and civil society to use the data to improve access, affordability, and the quality of financial services.

According to the survey, financial inclusion in Zambia has grown steadily

Bridging Markets Though Payment Systems



Performance of Retail Payment Systems - Value and Volumes





from 33.7% in 2005 to 59.3% in 2015, rising further to 69.4% in 2020 and reaching 80.1% in 2025.

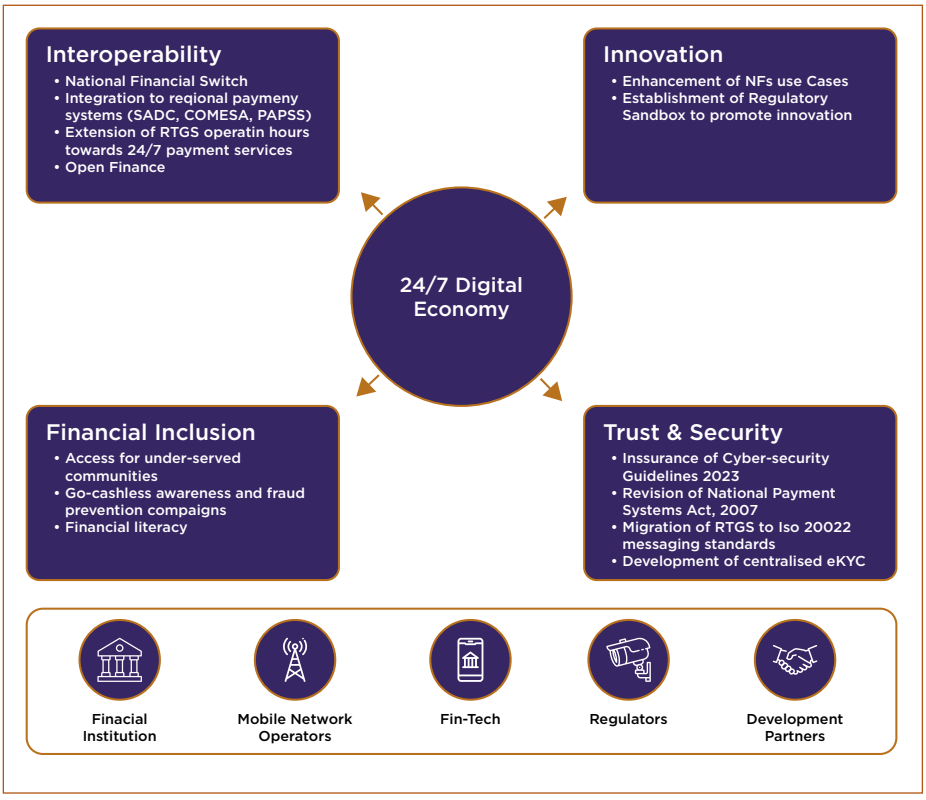
Dr. Kalyalya also highlighted progress in reducing inequality in access to financial services. The gender gap in financial inclusion has narrowed to 2.2 percentage points, down from 3.2 percentage points in 2020, indicating improved participation by women in the financial system.
Meanwhile, Minister of Finance and National Planning Dr. Situmbeko Musokotwane, in a speech delivered on his behalf by Accountant General Nsandi Manza, said the growth reflects increased access to and usage of financial services across the country.

“One of the most significant developments was the sharp increase in financial inclusion in rural areas, which rose by more than 16 percentage points,” he said.

Ms. Manza noted that financial inclusion in urban areas rose from 84.4% in 2020 to 88.5% in 2025, while rural areas also recorded notable improvement, increasing from 55.9% to more than 70% over the same period.

She said the findings highlight the progress made under the Eighth National Development Plan (8NDP) in narrowing financial access gaps, adding that the Government remains committed to sustaining this momentum.

Driving Innovation and Digital Financial Inclusion



CURRENCY DIRECTIVES GAIN TRACTION AS CORPORATES EMBRACE KWACHA

By Zambanker Reporter



Dr. Situmbeko Musokotwane

Bank of Zambia Governor Dr. Denny Kalyalya says the economy is already showing tangible signs of adjustment following the issuance of the new Currency Directives. Speaking at the 4th Banking Industry Symposium, Dr. Kalyalya revealed that several major corporates have shifted domestic supplier payments to Kwacha, while commercial banks are upgrading systems to enable real-time currency conversion and tighter reporting.

The Governor stated that since the removal of exchange controls in the early 1990s Zambia has maintained an open market-oriented foreign exchange regime that has supported private sector development, cross-border investment, and access to international capital. However, this liberalisation has contributed to significant dollarisation within both the financial system and the wider economy.

"Let me emphasise that these reforms do not restrict legitimate cross-border financing arrangements. External borrowing, foreign currency-denominated lending, and structured finance transactions remain permissible within the established regulatory framework. The Bank of Zambia will continue to monitor developments closely, refine regulatory tools where necessary, and ensure that the policy framework remains responsive to both domestic and global developments. Continued collaboration between regulators, financial institutions, and market participants will remain essential to the success of these reforms," he said.

The Bank of Zambia Currency Directives (2025) were issued in December 2025 and are aimed at reinforcing the primacy of the Kwacha in domestic transactions while providing for specified foreign currency transactions, including those relating to sectors such as mining and tourism. The Directives provide clarity on the treatment of cross-border transactions, including external borrowing and foreign currency-denominated debt instruments. They also preserve flexibility for financial markets by permitting specified foreign currency transactions necessary to support access to international finance.

He explained that high levels of foreign currency usage in domestic transactions can weaken the role of the domestic currency as legal tender and reduce the effectiveness of monetary policy transmission, thereby creating additional macro-financial vulnerabilities, including currency mismatches and balance-sheet risks.

The Governor added that these reforms also strengthen the Electronic Balance of Payments (e-BoP) reporting framework and improve the quality, timeliness, and effectiveness of external sector monitoring and policy responsiveness.

Earlier in his address, the Governor said banks remain at the core of Zambia's financial system and that disruptions within the banking system can impair credit intermediation,

weaken public confidence, constrain economic activity, and adversely affect macroeconomic stability and growth.

> **...these reforms do not restrict legitimate cross border financing arrangements. External borrowing, foreign currency-denominated lending, and structured finance transactions remain permissible within the established regulatory framework.**

He said the banking sector is closely interconnected with the sovereign through direct holdings of Government securities, lending exposures and wider macro-financial linkages. This relationship, commonly referred to as the sovereign-bank nexus, reflects the close interdependence between the health of the public sector and the stability of the financial system.

"In Zambia these interlinkages remain substantial. As noted in the April 2026 Financial Stability Report, banking sector exposure to sovereign assets constitutes approximately one-third of total banking sector assets. Additional structural vulnerabilities arise from the regulatory treatment of Government securities. These instruments qualify as eligible collateral against corporate exposures, thereby reducing the level of risk-weighted assets used in the calculation of capital adequacy ratios. In addition, sovereign securities provide regulatory relief under loan provisioning requirements for certain corporate exposures. Collectively, these features may contribute to embedded risk and an overstatement of banks' effective capital strength. In an environment characterised by heightened bank risk aversion, such incentives may also reinforce weak private sector credit intermediation," he said.

He stated that while this exposure supports Government financing and domestic debt market development, it also raises banks' vulnerability to sovereign risk. A deterioration in sovereign creditworthiness, whether through sovereign rating downgrades, fiscal stress, or debt distress, as experienced during the COVID-19 period, can be transmitted directly to the banking system and the broader economy.

He added that this underscores the importance of maintaining macroeconomic stability through sound fiscal management, credible monetary policy and effective macroprudential oversight. It also reinforces the need for prudent management of sovereign exposures to preserve financial sector resilience.

"From the monetary policy perspective, our current policy stance reflects this balance. Although the Bank has cautiously adjusted the Policy Rate over the past two quarters in response to improving inflation dynamics, we remain mindful of prevailing geopolitical and global economic uncertainties that continue to pose risks to the inflation outlook and broader financial conditions," he said.

Capital adequacy rules also play a critical role in facilitating cross-border financial flows and international investment by enhancing confidence in the resilience, solvency and credibility of banks operating across jurisdictions. In an increasingly integrated global financial system, investors, correspondent banks, multinational corporations and foreign regulators require assurance that financial institutions maintain sufficient capital buffers to absorb losses and remain operational during periods of regional or global financial stress. The Basel capital framework and related prudential standards were largely designed to support these objectives.

In the context of international banking, capital adequacy requirements form a core pillar of consolidated supervision by ensuring that banking groups allocate capital appropriately across foreign subsidiaries while limiting opportunities for regulatory arbitrage across jurisdictions. Strong capital positions also promote macro-financial stability, reduce sovereign and country risk premiums, and lower external borrowing costs, thereby improving access to international financing such as Eurobond markets.

It is against this backdrop that the Bank of Zambia issued the revised Capital Adequacy Rules in September 2025. The reforms are primarily aimed at strengthening the resilience, soundness and stability of the banking sector by enhancing both the quality and quantity of regulatory capital. In this regard, the revised framework places greater emphasis on Common Equity Tier 1 capital, capital conservation buffers, countercyclical capital buffers, and the leverage ratio.

More broadly, the new Capital Rules have significantly enhanced approaches to risk measurement and risk management. Financial institutions are now required to adopt more risk-sensitive methodologies for assessing credit, market, and operational risks, thereby ensuring that regulatory capital requirements are more appropriately aligned with banks' underlying risk profiles.

> **The Directives aim to reinforce the primacy of the Kwacha in domestic transactions while providing for specified foreign currency transactions' but i thought we could still submit it for your review**

POLICY RATE CUT TO 13.25%

...Due To A Sharp Fall In Inflation, A Bumper Maize Harvest Outlook, And A Stabilised Kwacha

By Zambanker Reporter



Dr. Denny Kalyalya

The Bank of Zambia's Monetary Policy Committee (MPC), at its meeting held on May 11-12, 2026, reduced the Monetary Policy Rate by 25 basis points to 13.25%, citing a sharp fall in inflation, a bumper maize harvest outlook, and a stabilised Kwacha.

Announcing the decision at a media briefing, Bank of Zambia Governor Dr. Denny Kalyalya stated that although these factors are strongly supportive of a lower inflation path, anchored within the 6-8% target band, the Committee judged that the upside risks and uncertainty associated with the Middle East conflict warranted a cautious adjustment to the Policy Rate.

"Inflation declined sharply to 7.1% in March 2026 from 11.2% in December 2025 and eased further to 6.8% in April, well within the 6-8% target band. In the first quarter of 2026, inflation averaged 8.0% compared to 11.3% in the last quarter of 2025. This marked disinflation was mainly driven by the continued base effects from maize grain and related products, as well as the sharp appreciation of the Kwacha/US$ exchange rate," he said.

He explained that inflation is projected to remain within the target band over the forecast horizon. In 2026, it is expected to average 6.8% compared to 6.9% in the February forecast. In 2027, inflation is forecast to moderate further to 6.1%, relative to 6.7% reported previously, before edging up to 6.6% in the first quarter of 2028. Key influences are the recent exchange rate appreciation and anticipated lower maize prices due to an expected favourable harvest in the current crop marketing season.

The Governor, however, stated that the protraction of the Middle East conflict, which has already resulted in higher global crude oil prices and, in turn, a rise in domestic fuel pump prices, presents a significant upside risk to the inflation outlook.

"Fuel prices could, in fact, have been higher than they currently are had it not been for the tax relief that the Government has provided, notably the suspension of excise duty and the zero-rating of value-added tax on petroleum products for three months. Besides the geopolitical risk, the possible El Niño event from mid-2026 poses an additional upside risk to inflation," he stated.

He explained that although the Committee recognised that the expected favourable maize harvest in the current crop marketing season and the observed relative stability in the Kwacha/US$ exchange rate are strongly supportive of a lower inflation path, these upside risks and the uncertainty associated with the conflict in the Middle East point to the need for a cautious adjustment to the Policy Rate that maintains an appropriate stance of monetary policy.

"The Committee, therefore, decided to reduce the Policy Rate by 25 basis points to 13.25%," he said.

Decisions on the Policy Rate continue to be guided by inflation outcomes, forecasts, and identified risks, including those associated with financial stability.

The full May 2026 Monetary Policy Report is available on the Bank of Zambia website (www.boz.zm).

The next MPC meeting is scheduled for September 28 and 29, 2026.

BOZ WARNS OF RISING DEFAULT RISKS, RAISES RED FLAG OVER CIVIL SERVANT LENDING

By Zambanker Reporter



The Bank of Zambia (BoZ) has raised concerns over the elevated ratio of non-performing loans (NPLs) among public service workers, warning that unmanaged debt in the sector poses a growing threat to financial stability.

In a public notice, BoZ Deputy Governor-Operations, Dr. Francis Chipimo, cautioned that practices deliberately designed to circumvent debt-service-ratio (DSR) and affordability limits are heightening the risks tied to payroll-based lending.

Dr. Chipimo explained that recent financial stability assessments uncovered an increasing trend of public workers securing off-payroll credit beyond permissible limits. He noted that borrowers often obtain these loans through misrepresentation, non-disclosure of existing financial obligations, and multiple borrowings across various institutions.

However, the central bank noted that borrowers are not solely to blame.

Dr. Chipimo pointed out that several lending institutions exhibit weak or non-compliant underwriting practices, including inconsistent checks with the Credit Reference Bureau (CRB) or ignoring CRB data entirely.

"The Bank wishes to remind regulated lending institutions, employees, and payroll administrators that compliance with DSR and affordability standards, as well as consistent use of the CRB, is mandatory," Dr. Chipimo stated. "These tools serve as critical safeguards for responsible lending, consumer protection, prudent underwriting, and overall financial stability."

The central bank has issued a stern directive to all regulated financial institutions to strictly enforce DSR limits and uphold responsible lending standards.

Additionally, Dr. Chipimo urged payroll administrators to reinforce internal controls and recovery mechanisms, advising them to take disciplinary action where payroll deduction arrangements are abused.

BoZ reiterated its commitment to monitoring compliance under the Banking and Financial Services Act Directive of 2020, warning that it will take necessary regulatory measures against non-compliant institutions and individuals to protect the country's financial system.

> **...compliance with DSR and affordability standards, as well as consistent use of the CRB, is mandatory.**

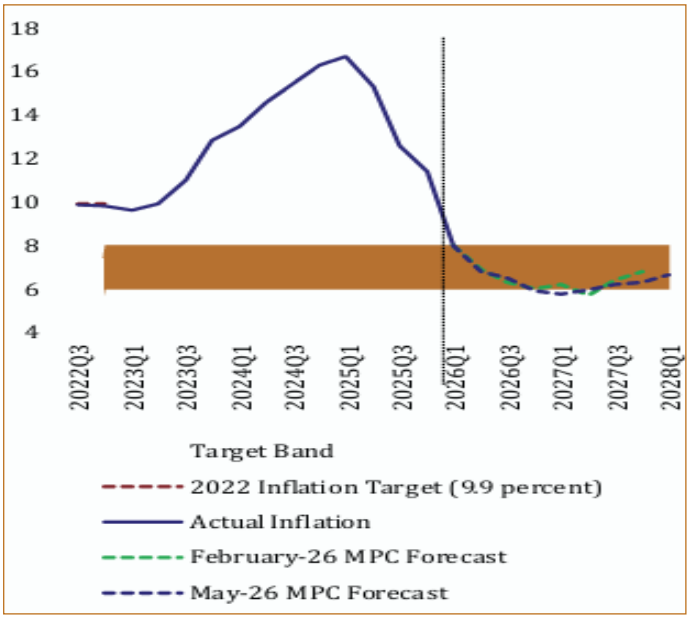
THE NUMBERS: ECONOMIC DASHBOARD

By Shuko Mazombwe Simwinga

The latest economic indicators present a broadly positive outlook for Zambia's economy. Inflation has continued to decline towards the 6 – 8% target range, while the Kwacha has strengthened significantly against the US dollar. At the same time, copper prices, Zambia's main source of export earnings, remain favourable, and global commodity prices have generally stabilised after periods of volatility.

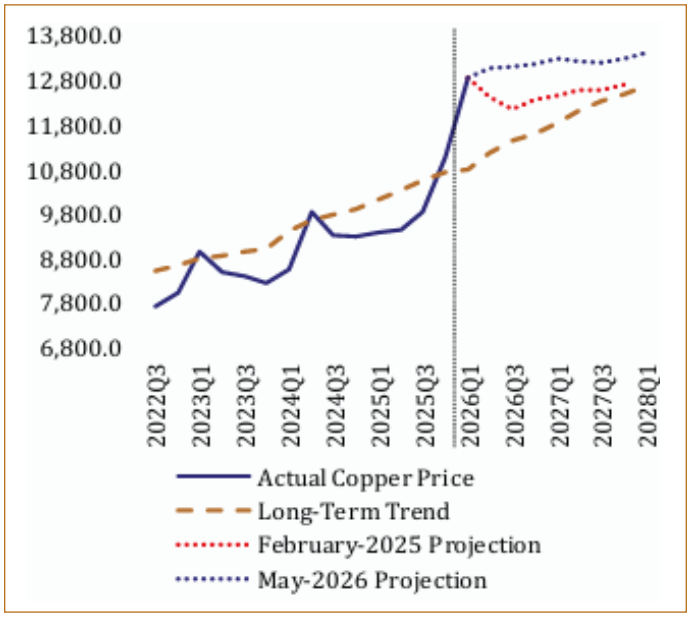
The dashboard also highlights steady economic growth prospects, moderate crude oil price expectations and improving external conditions. Together, these indicators provide a snapshot of the key domestic and global factors shaping inflation, economic activity and monetary policy.

Inflation Profiles



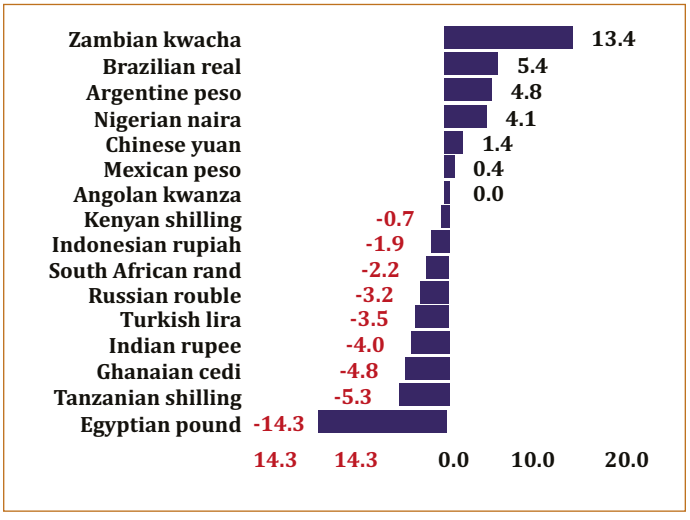
Source: Bank of Zambia

Copper Prices (USD/metric tonne)



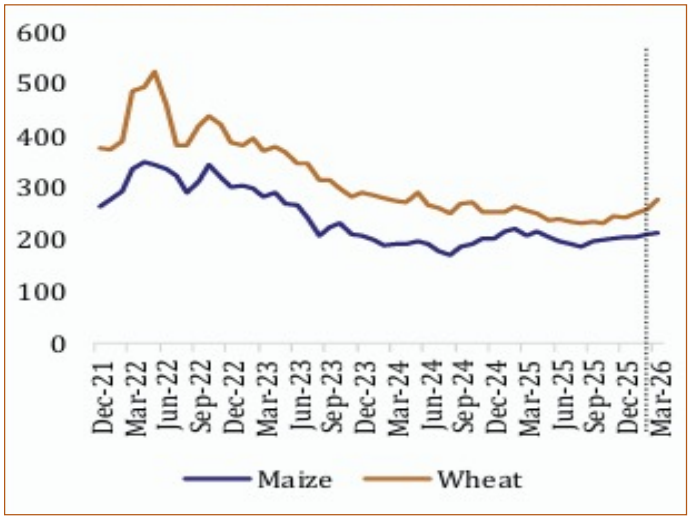
Source: Bank of Zambia Staff Compilation

Performance of selected Emerging Market and developing Economies Currencies versus the US Dollar



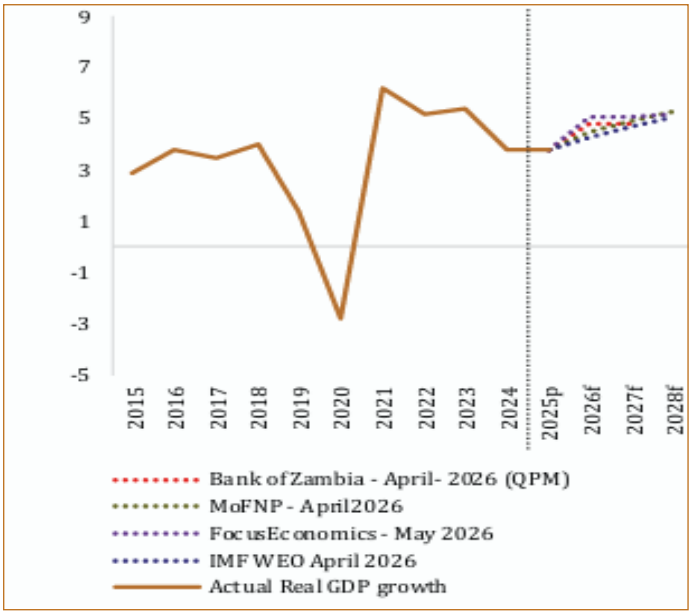
Source: Reuters and Staff Compilation
Note: Negative numbers indicate a depreciation while positive numbers show an appreciation against the US dollar.

Monthly average Maize and Wheat prices (USD/mt)



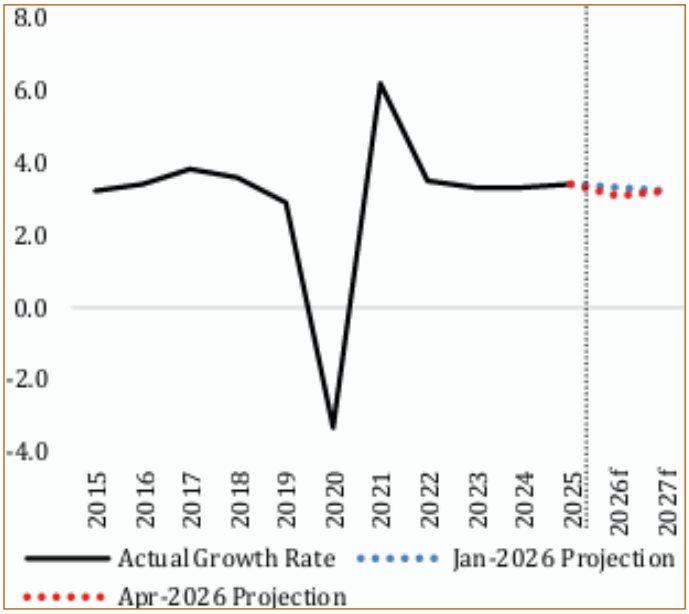
Source: World Bank Pink Sheet Data and Bank of Zambia Staff compilations

Annual GDP Growth



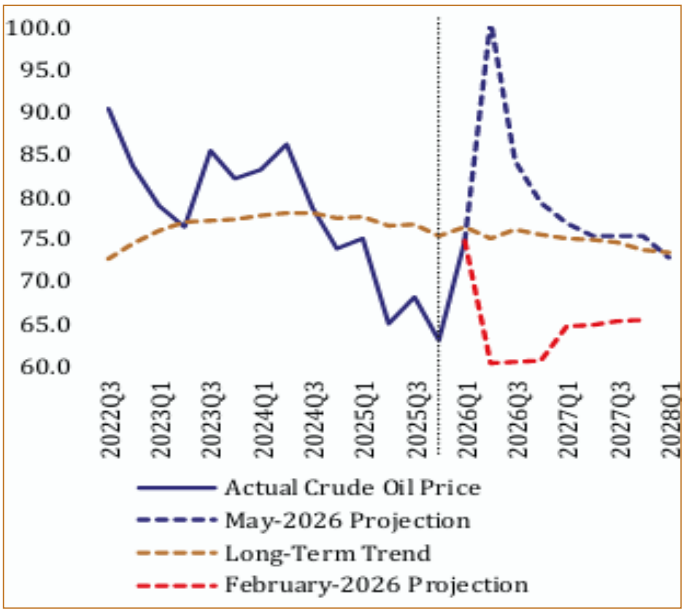
Source: Zambia Statistics Agency, Bank of Zambia, MoFNP, IMF, Focus Economics

Global GDP Growth Project (annual, percentage)



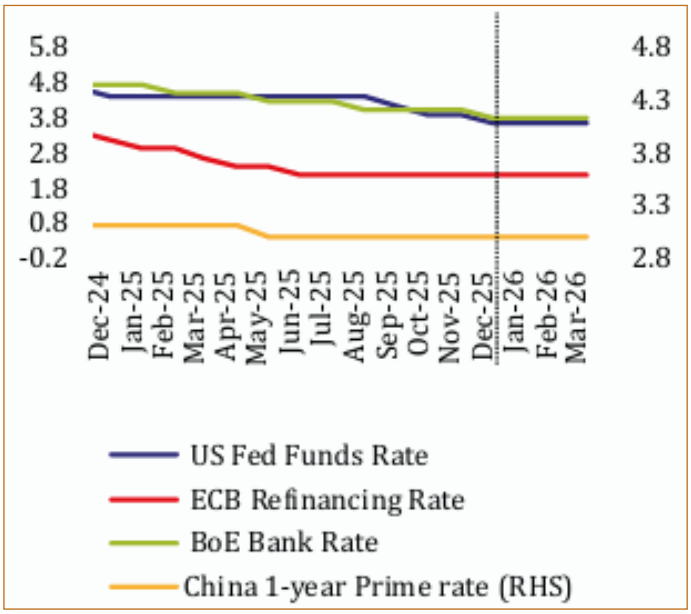
Source: IMF WEO, April 2026: Bank of Zambia Compilations

Crude oil prices (USD/Barrel)



Source: Bank of Zambia Staff Compilations

Central Bank Policy Rates in Selected Economies



Source: Reuters and Staff Compilations

Excerpts from May 2026 Monetary Policy Report

ZAMBIA SETS UNIFORM OPERATIONAL RULES FOR MOBILE MONEY AGENTS

By Zambanker Reporter



Mrs. Rekha Chifuwe Mhango and Mr. Robert Phiri, CEO for PAYZ

The Bank of Zambia and industry stakeholders have launched the Standardised Mobile Money Agent Training Manual, establishing a uniform operational framework aimed at strengthening consumer protection and trust across Zambia's digital economy.

Jointly developed by the Payments Association of Zambia (PAYZ), Bank of Zambia and other financial sector stakeholders, the initiative seeks to professionalise mobile money agents in their role as primary access point for formal financial services for a larger part of the population.

Speaking at the launch, Deputy Governor- Administration, Mrs. Rekha Chifuwe Mhango said the newly introduced manual marks a significant milestone in strengthening the integrity, professionalism, and resilience of Zambia's digital financial ecosystem.

The manual outlines standardised guidelines designed to transform agents from basic transaction processors into frontline guardians of service quality, compliance, and user protection. Key responsibilities established in the manual include enforcing strict adherence to customer onboarding rules, serving as an active defence against scams through early detection and reporting, and educating first-time users, particularly in rural and underserved communities, on safe digital practices.

"As we position for digital reform, cyber resilience must be treated as a foundational pillar of financial sector regulation and supervision. Importantly, agents are the first line of defence against fraud. Their responsibilities include verifying customer identity, educating users on safe practices as well as detecting and reporting suspicious transactions. Therefore, equipping agents through this Manual directly strengthens the resilience of the entire system," she said.

She urged all Payment Service Providers to fully integrate the Manual into agent onboarding and training, reinforce compliance through monitoring and quality assurance and actively support industry-led training initiatives.

The Deputy Governor explained that Zambia had made significant strides in enabling digital financial services through deliberate policy and regulatory reforms. Driven by deliberate regulatory interventions such as tiered Know Your Customer (KYC) rules, increased transaction limits, the National Financial Switch, the phase-out of cheques, the introduction of the regulatory sandbox promoting innovation as well as participation in regional payment systems, these efforts have created a modern, inclusive, and interoperable financial ecosystem.

She said results of these reforms are clear and measurable. Mobile money transaction values grew more than sevenfold between 2020 and 2025, active wallets nearly doubled to 17 million, financial inclusion rose to over 80% and digital financial usage now exceeds three-quarters of adults

"These are not just statistics, they represent households accessing safer financial tools, businesses transacting more efficiently and communities being brought into the formal economy," she said.

Alongside the growth, Mrs. Mhango called on the financial sector to embed cyber resilience into institutional strategy, strengthen collaboration across the sector, and adopt shared standards and incident response mechanisms

The Bank of Zambia has taken steps in this direction, including establishing a Security Operations Centre and issuing the Cyber and Information Risk Management Guidelines. The Bank is also in the process of establishing a Cyber Incident Response Team (CIRT) to strengthen detection and response capabilities.

GOVERNOR KALYALYA CALLS FOR STRONGER COLLABORATION TO DRIVE ZAMBIA'S ECONOMIC GROWTH

By Zambanker Reporter



Bank of Zambia Governor Dr. Denny Kalyalya has emphasised the need for stronger collaboration between Government, the private sector, and other stakeholders to build a more diversified and resilient economy.

Speaking on behalf of President Hakainde Hichilema at the official opening of the 2026 Copperbelt Agricultural, Mining, Industrial and Networking Expo (CAMINEX) in Kitwe, Dr. Kalyalya said collaboration was critical to unlocking Zambia's potential.

"Collaboration is critical to unlocking Zambia's economic potential. Strong partnerships across sectors can help mobilise investment, develop local talent, expand trade, and create sustainable opportunities for businesses and communities," he said.

Dr. Kalyalya noted that agriculture and mining remain critical pillars of the Zambian economy, contributing significantly to employment creation, export earnings, and national development.

He observed that the mining sector extends beyond mineral production, serving as a catalyst for growth in other areas of the economy. He added that mining activities support sectors such as transport, energy, manufacturing, and infrastructure, while creating opportunities for small and medium-sized enterprises.

Held under the theme "Collaboration for Growth: Developing Talent, Trust and Trade," this year's expo brought together key players from the mining, agricultural, and industrial sectors.

Dr. Kalyalya highlighted several policy reforms implemented by Government to improve investor confidence, enhance transparency, and promote local participation in the mining sector.

He noted that Zambia's copper production rose from 825,000 metric tonnes in 2024 to more than 890,000 metric tonnes in 2025, representing an 8% increase, driven by improved output from Konkola Copper Mines, Mopani Copper Mines, Kansanshi Mine, and Lubambe Copper Mine.

CAMINEX 2026 also provided an opportunity for industry leaders and policymakers to discuss talent development and increased local participation in key economic sectors. Stakeholders underscored the importance of developing relevant skills to support industrialisation, entrepreneurship, and technological advancement.

Earlier, Governor Kalyalya participated in a CAMINEX-linked engagement, where he delivered a keynote address at a Zanaco-sponsored Business Breakfast Meeting held at the Kitwe Showgrounds.

During the meeting, the Governor provided an overview of Zambia's macroeconomic environment and highlighted progress made towards strengthening economic stability and business confidence.

"A stable macroeconomic environment provides businesses with greater certainty to undertake long-term planning, expand production, improve competitiveness, and make sound investment decisions," he said.

Dr. Kalyalya also stressed the importance of maintaining investor confidence amid changes in the global economic environment.

He highlighted macroeconomic stability, policy coordination, and financial sector resilience as important factors in supporting sustainable economic activity.

The Governor's message was consistent with Zambia's broader efforts to attract investment into key sectors, particularly mining, agriculture, and manufacturing, while strengthening the foundations for sustainable and inclusive economic growth.

CAMINEX 2026 reaffirmed the important role of mining and agriculture in Zambia's economic development and provided a platform for stakeholders to explore new opportunities for trade, investment, and industrial partnerships.

E-BOP MONITORING SYSTEM UPGRADED TO MEET EVOLVING DATA NEEDS

By Mwika Mwenechanya



1.0 Introduction

The Bank of Zambia has significantly enhanced its Electronic Balance of Payments (e-BoP) System, marking another milestone in the modernisation of the country's external sector statistics infrastructure. The upgraded platform has been designed to respond to Zambia's growing data requirements, changing payment landscape and increasing policy demands, while strengthening the quality, accuracy and timeliness of information used in economic decision-making.

The original e-BoP system, operationalised in December 2019, transformed the collection of Balance of Payments data by replacing manual reporting with an electronic platform. At the time, the system primarily captured cross-border transactions reported by commercial banks, substantially improving the efficiency and reliability of external sector statistics.

However, as international trade and payment systems have evolved, so too have the country's statistical and regulatory requirements. The increasing use of digital financial services, coupled with the need for more comprehensive monitoring of cross-border transactions, meant that the legacy platform was no longer fit for purpose.

To address these emerging needs, the Bank undertook a comprehensive upgrade of the e-BoP system, introducing a more scalable, flexible and secure platform capable of supporting Zambia's future data and policy requirements.

2.0 Built for Growth and Future Policy Needs

A key feature of the upgraded system is its scalability. The enhanced platform has been developed to accommodate increasing transaction volumes and expanding reporting requirements without compromising system performance.

This future-ready architecture enables the Bank to respond more effectively to evolving international statistical standards, changing financial market practices and emerging policy priorities. The system's flexible design also supports the phased expansion of reporting requirements, including the implementation of the Export Proceeds Tracking Framework (EPTF) and future enhancements to Zambia's external sector statistics programme.

The adoption of an agile development approach has further ensured that new functionalities can be introduced more efficiently, allowing the Bank to respond quickly to operational requirements and stakeholder feedback while continuously improving system performance.

Expanding Coverage Beyond Commercial Banks

One of the most significant enhancements is the expansion of reporting beyond traditional banking institutions.

While the original system captured transactions processed through commercial banks, the upgraded e-BoP now incorporates cross-border transactions undertaken through Money Transfer Operators (MTOs) and Mobile Network Operators (MNOs).

This broader coverage reflects the changing nature of international payments, where individuals and businesses increasingly use digital financial services alongside conventional banking channels. By capturing data from multiple payment channels, the Bank now obtains a more complete picture of Zambia's international financial transactions, reducing reporting gaps and improving the completeness of the country's Balance of Payments statistics.

3.0 Integration with Trade Systems

The upgraded platform also introduces enhanced interoperability with the ASYCUDAWorld customs management system enabling more robust reconciliation of cross-border transactions.

The e-BoP now interfaces with ASYCUDAWorld to support the reconciliation of merchandise trade data by linking customs declarations with the corresponding financial transactions. This strengthens the verification of export information and improves the consistency of goods trade statistics. This interface will soon be used to link and reconcile import transactions.

In addition, the system interfaces with Smart Invoice to facilitate the

reconciliation of trade in services, supporting more accurate recording of services exports and improving the overall quality of external sector statistics.

These system integrations provide stronger data validation, minimise inconsistencies and enhance transparency throughout the reporting process.

4.0 Enhanced Reconciliation of Export Transactions

The upgraded e-BoP also introduces significant improvements to the reconciliation of export transactions under the Export Proceeds Tracking Framework.

By linking export documentation with financial information, the system enables more efficient matching of export transactions against corresponding export proceeds. This improves the completeness and accuracy of export records while supporting timely identification and resolution of data discrepancies. The enhanced reconciliation process contributes to higher-quality Balance of Payments statistics and strengthens the Bank's ability to monitor export proceeds and support evidence-based policymaking.

5.0 Improved Security, Efficiency and User Experience

Beyond expanded coverage and enhanced reconciliation, the upgraded platform introduces several operational improvements that benefit reporting institutions.

Enhanced security protocols provide stronger protection for sensitive financial information through improved system safeguards and modern cybersecurity controls. These measures strengthen confidence in the integrity and confidentiality of reported data.

The introduction of bulk upload functionality significantly improves reporting efficiency by enabling institutions to submit large volumes of transaction data in a single process. This reduces manual intervention, lowers the risk of reporting errors and simplifies compliance with reporting requirements.

The system also delivers faster processing times, enabling more timely validation, reconciliation and analysis of reported transactions. Together, these enhancements improve operational efficiency while ensuring that high-quality information is available to support monetary policy, foreign exchange management and broader economic planning.

6.0 Supporting Better Economic Decision-Making

The upgraded Electronic Balance of Payments System forms a critical component of the Bank of Zambia's broader strategy to modernise statistical infrastructure.
By combining broader institutional coverage, improved interoperability, enhanced reconciliation capabilities, stronger security measures and scalable system architecture, the platform provides a more comprehensive and accurate record of Zambia's cross-border transactions.

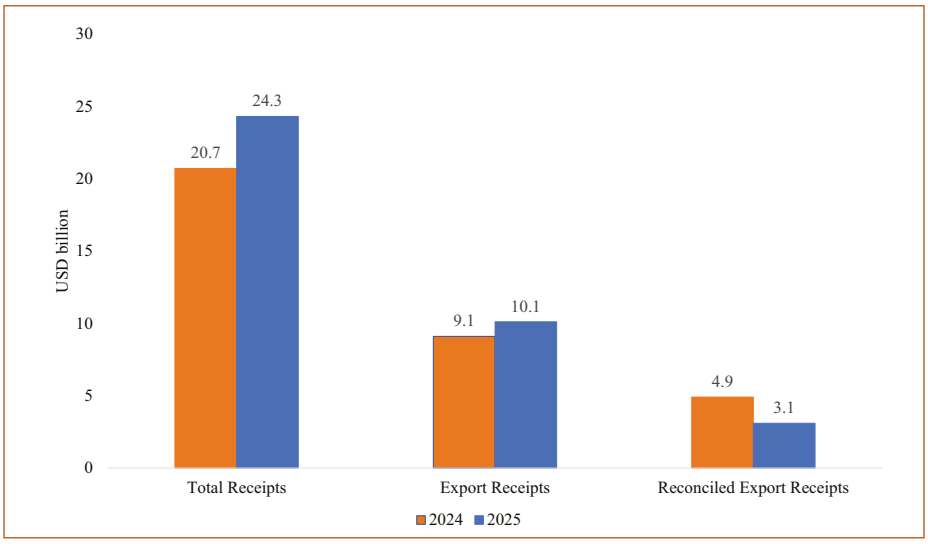
These improvements support the effective implementation of the Export Proceeds Tracking Framework and ensure that the Bank continues to produce reliable external sector statistics that inform monetary policy, exchange rate management, foreign reserve management and national economic planning.

As Zambia's participation in regional and international trade continues to expand, the enhanced e-BoP system provides a robust and future-ready platform capable of meeting the country's growing statistical needs while promoting transparency, strengthening regulatory oversight and supporting sustainable economic development.

Key Highlights - Total, Export, and Reconciled Receipts

In 2025, total receipts and export receipts processed in the domestic banking system increased by 17.4 percent and 11.0 percent, respectively.

Approximately 30.7 percent of the export receipts were successfully reconciled against the corresponding documentation for exports.



The author is Acting Assistant Director – Balance of Payments and Debt Statistics Department

DID YOU KNOW?

By Morgan Kaira



Photo Credit: Zambia Tourism

The Woman Behind Zambia's First Kwacha Banknotes

When Zambia adopted the Kwacha as its national currency in 1968, it needed banknotes that reflected the identity of a newly independent nation. The first series included K1, K2, K10 and K20 notes, alongside ngwee coins. Ms. Gabriel Ellison, a respected Zambian artist and graphic designer whose work helped shape the country's visual identity, designed the first banknotes.

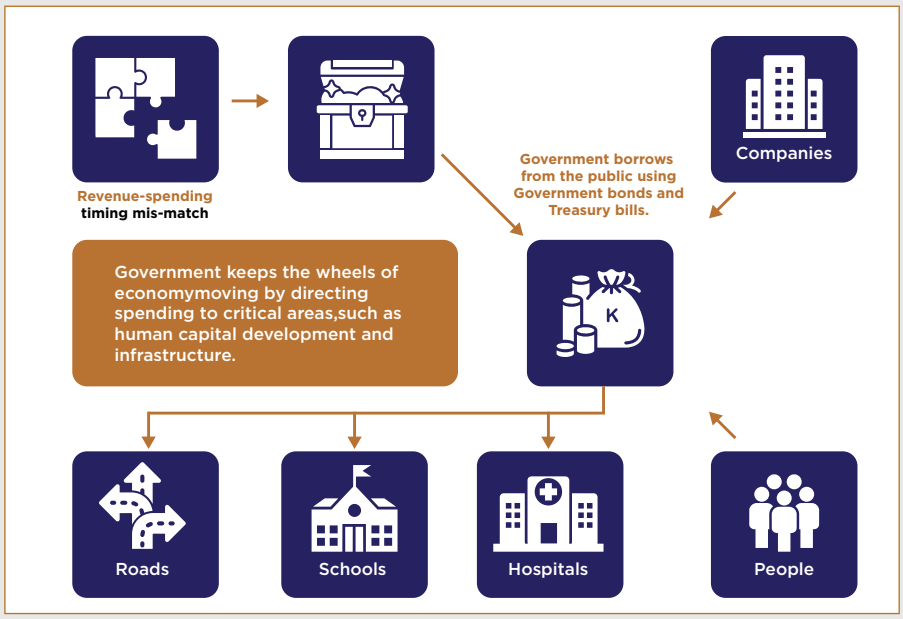
Ms Ellison was an artist, graphic designer and writer who made a significant contribution to Zambia's national identity. Although best known for designing the national flag, her work also included postage stamps, national symbols and currency. Her contribution to the design of the first Kwacha banknotes was particularly significant, helping shape the visual identity of Zambia's first post-independence currency.

The first Kwacha notes were more than a form of money; they marked an important chapter in Zambia's history. They reflected the country's move from colonial currency to a distinctly Zambian national currency. Today, the 1968 banknotes remain valuable pieces of Zambia's heritage and a reminder of how the Bank of Zambia's currency has developed.

The Bank of Zambia does not directly set the interest rate on Government Bonds and Treasury Bills

The interest rates on Government securities are determined through the auction process. In competitive bidding, investors submit bids with the interest rate they are willing to accept. These bids are ranked from the lowest interest rate to the highest, and securities are allocated starting with the lowest bids until the amount on offer is fully allotted. The interest rate of the bidder at which the full allotment is reached then becomes the rate applicable to all successful investors.

For Treasury Bills, the return is reflected through the discount rate and yield, while Government bonds carry a coupon rate and are also traded based on market yields. This means that although the Bank of Zambia conducts the auctions and manages the issuance process on behalf of the Government, it does not simply choose an interest rate and impose it on investors. The interaction between Government's financing requirements and investor demand through the auction helps determine the applicable rate



ONE DIRECTION, ONE PURPOSE, ONE WAY

How the Bank's Vision, Mission and Values work together to turn strategy into everyday action

By Namukulo Mwauluka



A strong institution needs a clear purpose and a shared way of working. At the Bank of Zambia, these three elements are expressed through the Vision, Mission and Values. Together, they provide a simple strategic line of sight: where the Bank wants to be, what it exists to do, and how its people must act to get there.

The Vision: the future we are building

The Vision describes the Bank's desired future state. The words dynamic and credible are especially important. Being dynamic means remaining responsive to a changing economic, financial and technological environment. Being credible means earning public confidence through sound decisions, consistent delivery and institutional integrity.

The Vision also connects the Bank's work to the sustainable economic development of Zambia. Stability is therefore not an end in itself. It is a foundation for investment, planning, resilience and long-term prosperity. The word sustainable reminds us that today's decisions must support the interests of future generations.

The Mission: the work that moves us forward

If the Vision is the destination, the Mission is the Bank's central assignment. It focuses attention on achieving and maintaining price and financial system stability. These two responsibilities help create an environment in which households, businesses and public institutions can make decisions with greater confidence.

The Mission goes further by linking stability to sustainable and inclusive economic development. Inclusion matters because economic progress should create opportunity across society. This gives the Bank's work a clear public purpose: policies, systems and services must not only be technically sound, but should also support an economy that is stable, resilient and accessible.

The Values: how we make the Vision and Mission real

A Vision can inspire and a Mission can focus, but neither can be achieved without the right behaviours. This is where the Bank's Values become essential. They translate strategy into the choices members of staff make every day, from preparing analysis and serving stakeholders to managing projects, safeguarding information and making decisions.

The BoZ way means "ACTIONE"

	VALUE	WHAT IT LOOKS LIKE
A	**Accountability**	We take ownership of decisions, commitments and results.
C	**Commitment to Excellence**	We pursue quality, professionalism and continuous improvement.
T	**Timeliness**	We act with urgency and deliver when our contribution is needed.
I	**Integrity**	We are honest, ethical and consistent, even when no one is watching.
O	**Objectives**	We keep our effort focused on agreed outcomes and the Bank's mandate.
N	**New Ideas**	We learn, innovate and adapt to emerging challenges and opportunities.
E	**Equity**	We promote fairness, inclusion and respect in our work and relationships.

The linkage: from aspiration to action

The relationship among the three can be expressed simply. The Vision identifies the future the Bank wants to help create. The Mission defines the institutional contribution required to reach that future. The Values shape the conduct and culture needed to perform the Mission well. Each element strengthens the others.

For example, credibility in the Vision is reinforced when staff demonstrate integrity, accountability and commitment to excellence. A dynamic Central Bank depends on new ideas and timely responses. Sustainable and inclusive development is supported when objectives remain clear and equity is reflected in the way policies, services and workplace decisions are approached.

> **"The Vision gives us direction. The Mission gives us purpose. The Values give us the character to deliver."**

Making it personal

The linkage becomes meaningful when every member of staff can answer one practical question: "How does my work today advance the Mission, move the Bank towards its Vision and demonstrate ACTIONE?" The answer may be found in the quality of a report, the accuracy of data, the fairness of a decision, the security of a system, the speed of a response or the courage to propose a better way.

When these behaviours are repeated across the institution, strategy stops being a statement on a page. It becomes the culture of the Bank. That is how the BoZ Way turns individual action into institutional credibility and national impact.

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

WHAT'S TRENDING

NEWS FROM AROUND THE WORLD

GLOBAL TRADE GROWTH CONTINUES, BUT RISING FRAGILITY WEIGHS ON DEVELOPING ECONOMIES



Despite robust global trade growth in 2025, rising geopolitical tensions and disruptions to key shipping routes are increasing risks across the global economy, with implications for developing economies.

The April edition of the UN Trade and Development Global Trade Update finds that, while global trade in goods and services grew by $2.5 trillion in 2025 to reach $35 trillion, the outlook is becoming increasingly uncertain.

The ongoing conflict in the Middle East and the shipping disruptions in the Strait of Hormuz are disrupting energy flows and shipping routes, raising trade costs and adding pressure on countries with limited fiscal space.

For many developing economies, these disruptions translate into higher import bills, tighter financial conditions and reduced capacity to sustain growth and development, although some emerging economies continue to show resilient demand and support global trade flows.

Trade growth remains strong but uneven

Global trade growth remained strong into early 2026, with continued expansion in both goods and services, although services growth has slowed in recent quarters and part of the increase reflects higher prices rather than volumes.

Much of this growth has been driven by developing regions, particularly in East Asia and Africa, as well as strong South–South trade.

This reflects the increasing role of developing economies as engines of global trade. However, uneven participation means that many countries still struggle to fully benefit from these gains.

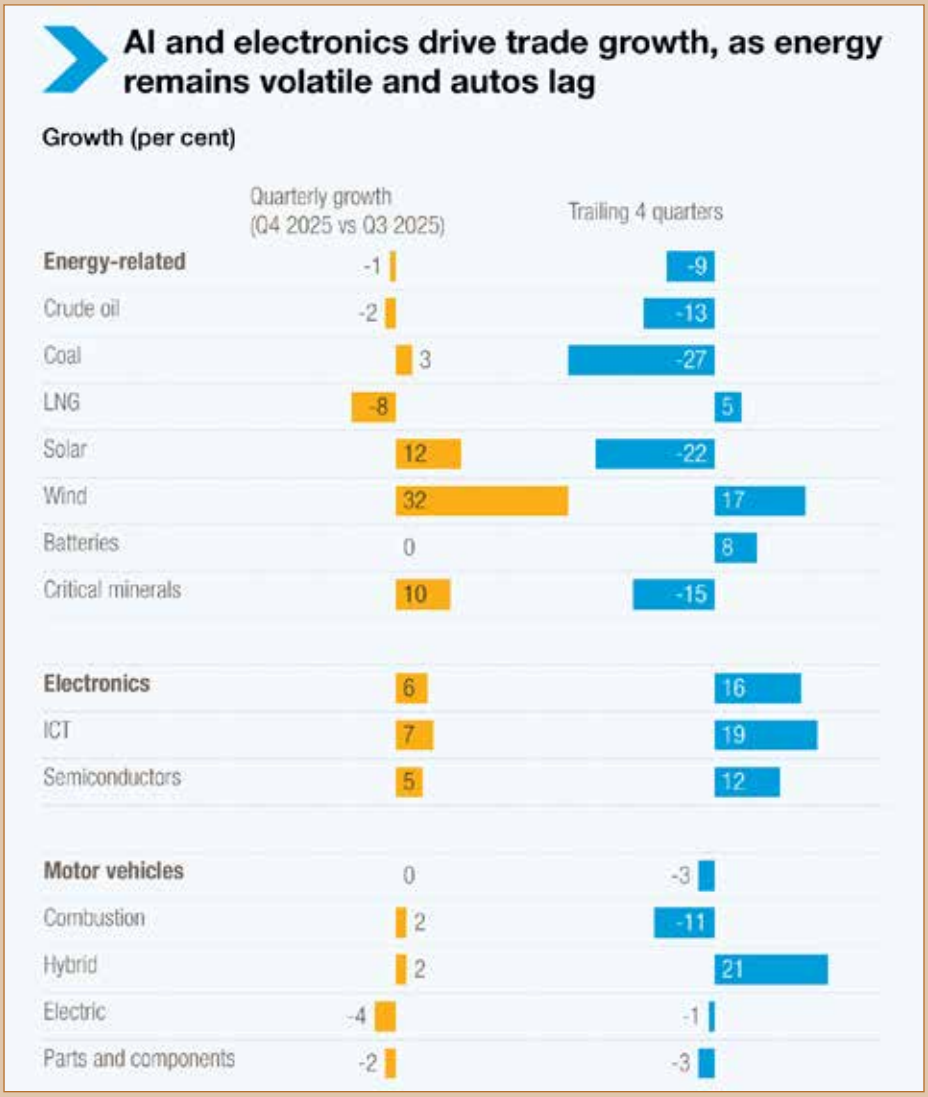
New trade patterns reshape opportunities

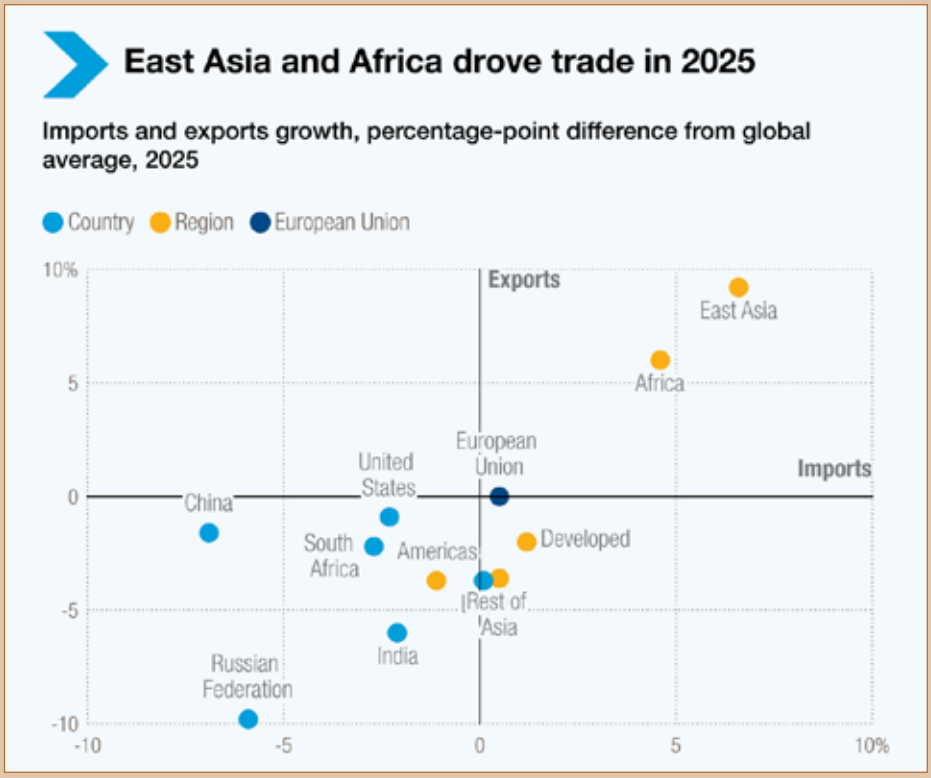
Amid ongoing United States–China trade decoupling, new "connector economies" are emerging, helping sustain global trade flows despite rising fragmentation.

For some developing countries, this shift is creating new opportunities to attract investment and integrate into global value chains. These dynamics reflect a reconfiguration of trade flows, with some countries increasing trade with both major economies.

Manufacturing drives growth, but vulnerabilities persist

A strong manufacturing sector, particularly in electronics and





technology-related goods, has been a key driver of global trade growth. Yet other sectors, including automotive trade, remain subdued amid rising protectionism. For developing economies seeking to diversify and move up value chains, these divergent sectoral trends highlight both opportunities and constraints.

Slower growth expected ahead

Despite recent gains, global trade growth is expected to slow in 2026 due to persistent geopolitical uncertainty, inflationary pressures and rising trade costs.

For developing countries, the combination of higher energy prices, increasing debt pressures and more restrictive trade policies risks constraining investment, weakening demand and limiting development prospects.

Keeping trade working for development

The report highlights the importance of maintaining open and predictable trade conditions amid rising uncertainty.

Strengthening cooperation, reducing fragmentation and ensuring that developing countries can participate fully in evolving trade patterns will be important for supporting inclusive and sustainable development outcomes.

Source: UN Trade and Development Global Trade Update

ECB RAISES INTEREST RATES IN LONG-TELEGRAPHED MOVE



FRANKFURT, June 11, 2026 (Reuters) - The European Central Bank raised interest rates as expected on June 11, 2026, hoping to prevent an Iran war-induced surge in energy prices from broadening out into higher inflation.

Surging costs for oil and gas helped push inflation across the 21-nation euro zone above 3% last month, far exceeding the ECB's 2% target, and further increases are almost certain as the conflict lasts longer than most had predicted.

That is why the ECB has long signalled Thursday's rate hike, making clear to firms and households it would not tolerate a rise in longer-term price expectations.

"The war in the Middle East is generating inflation pressures, and the decision to raise rates is robust across a range of scenarios mapping out how the shock might evolve and affect the medium-term outlook for the euro area," the ECB said in a statement.

The rate hike came as the ECB raised its 2026 inflation projection to 3.0% this year from 2.6% seen in March, and lifted the 2027 outlook to 2.3% from 2.0%.

While financial investors see two more rate hikes over the coming year on the deteriorating price outlook, policy tightening is likely to be cautious and gentle as the bloc's economy is already stuttering and sharply higher borrowing costs would increase the risk of a recession.

The ECB lowered its 2026 economic growth projection to 0.8% on Thursday from 0.9% three months ago and sees growth of just 1.2% next year, indicating it must walk a narrow path, tempering price expectations without suffocating economic growth.

"The outlook remains uncertain, with upside risks for inflation and downside risks for economic growth," the ECB said.

With Thursday's hike, the ECB's benchmark deposit rate increases to 2.25% while the refinancing rate rises to 2.4%.

Source: Reuters

INFLATION EXPECTATIONS IN ZAMBIA: ANCHORED OR DE-ANCHORED?

By Barbara Muntanga



The critical importance of anchoring inflation expectations has over the years been increasingly enshrined as a key principle of modern central banking. In particular, emphasis has been placed on the role of inflation expectations in influencing monetary policy outcomes and the need to anchor these expectations to the inflation target. The current study explores the factors that shape inflation expectations in Zambia and assesses the degree of anchoring of these expectations.

Since the early years of modern macroeconomics, expectations have been recognised as a key factor influencing the behaviour of economic agents and, ultimately, economic outcomes. Over time, the management of expectations has assumed greater importance, particularly as policymakers increasingly rely on channels through which policy actions can influence the economy by shaping public perceptions and future expectations. As a result, expectations management has become an integral component of modern monetary policy, with central banks placing greater emphasis on influencing expectations to support macroeconomic stability and enhance policy effectiveness.

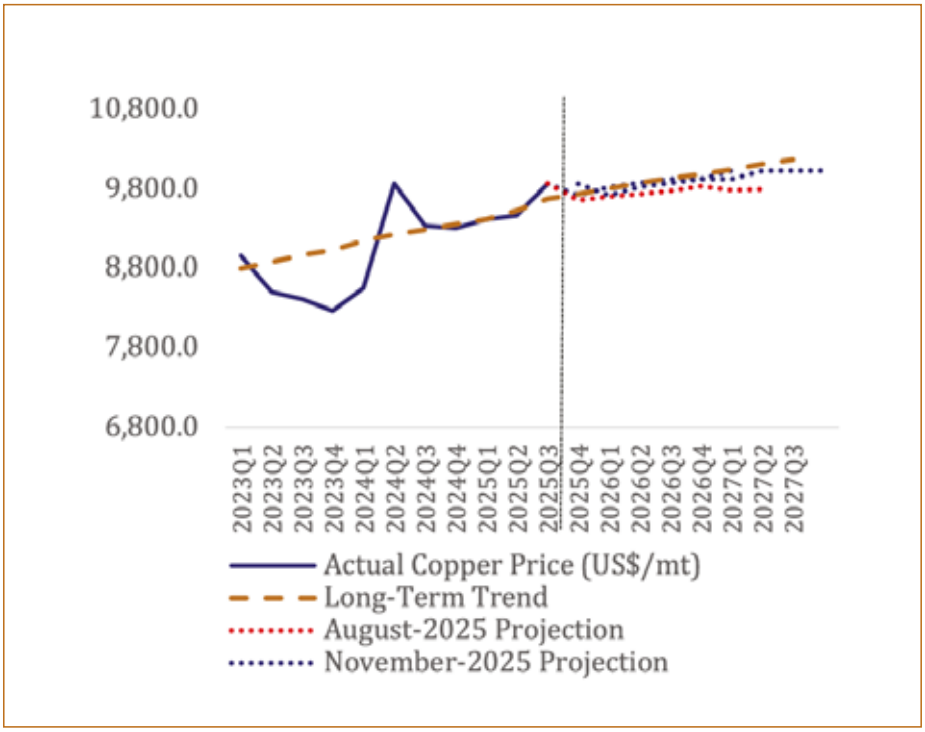
In the context of central banking, growing attention has been placed on the role of inflation expectations in shaping monetary policy outcomes. With the increased use of forward guidance about the future path of interest rates, the effective management of inflation expectations has become an integral part of modern monetary policy. When inflation expectations are well anchored, deviations of inflation from target are less pronounced and reversion of inflation to the target is quicker following shocks. Therefore, anchored expectations help reduce inflation inertia and limit the degree of pass-through from exchange rate depreciation to domestic prices. Moreover, the degree to which inflation expectations remain anchored to the target also provides a key signal of central bank policy credibility.

In Zambia, inflation and its expectations have persistently trended above the 6-8 percent target band since 1994. The country has experienced episodes of macroeconomic instability, including rising inflation, largely driven by recurring supply-side shocks such as exchange rate depreciation, droughts, and electricity shortages. These factors, compounded by external shocks, have continued to destabilise inflation and its expectations as businesses and consumers continue to anticipate high inflation, which risks entrenching inflationary behavior.

To anchor inflation expectations as well as enhance accountability and transparency in the conduct of monetary policy, the Bank of Zambia transitioned from a monetary aggregate targeting framework to a forward-looking inflation targeting regime in April 2012. The adoption of the inflation targeting framework entailed the establishment of a precise inflation target and introduction of the Bank of Zambia policy rate as a key interest rate to signal the stance of monetary policy.

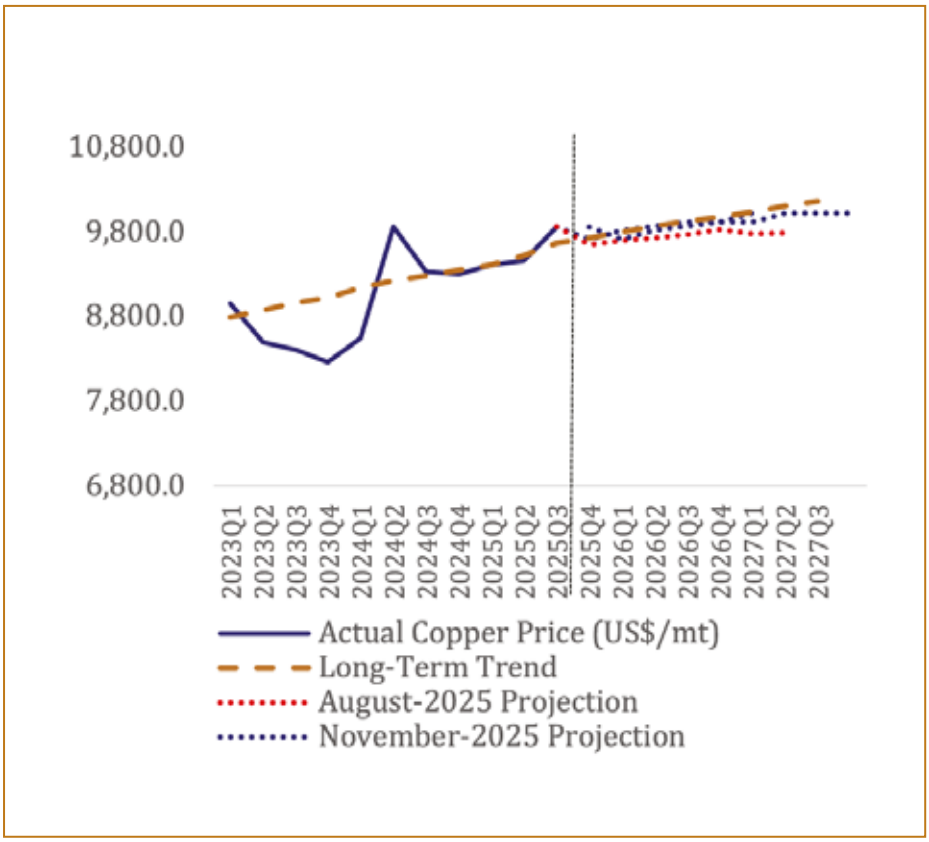
Against this backdrop, the study examines whether inflation expectations in Zambia are anchored

Crude Oil Prices (USD/barrel)



Source: Bank of Zambia Staff Computation

Copper Prices (USD/metric tonnes)



Source: Bank of Zambia Staff Computation

and explores the factors influencing their formation by assessing their responsiveness to macroeconomic shocks, inflation developments, short-term expectations, and inflation persistence.

Are Inflation Expectations Anchored in Zambia?

Using FocusEconomics consensus data for the period 2015Q3 to 2024Q4, the study employs two approaches to assess the anchoring of inflation expectations. The first examines the extent to which macroeconomic shocks affect the deviation of long-term inflation expectations from the inflation target, while the second assesses the dependence of long-term expectations on past short-term expectations, lagged inflation, and inflation persistence. The results show that long-term inflation expectations are broadly unanchored to the inflation target, with exchange rate shocks and persistent inflation increasing the risk of de-anchoring. This points to adaptive elements in the formation of inflation expectations. In particular, macroeconomic shocks, mainly reflected through exchange rate fluctuations, pose a significant risk to the anchoring of long-term inflation expectations.

Factors that shape inflation expectations in Zambia

Using an auto regressive distributed lag modelling approach to assessing the determinants of long-term inflation expectation formation, the exchange rate, monetary policy rate and fiscal deficits are found to be the key drivers of inflation expectations, with exchange rate depreciation increasing expectations through higher import costs and domestic prices, tighter monetary policy reducing expectations and reinforcing the role of credible policy in anchoring inflation, and larger fiscal deficits raising expectations due to concerns over demand pressures and potential monetary accommodation.
This research therefore highlights that anchoring inflation expectations is particularly important for Zambia given the country's macroeconomic vulnerabilities and economic structure. Well-anchored inflation expectations enhance the effectiveness of monetary policy by strengthening the transmission of policy actions and reducing the pass-through of exchange rate depreciation to domestic prices. The findings further underscore the critical role of credible monetary policy in shaping and anchoring expectations, as economic agents are responsive to changes in the monetary policy stance. This emphasises the need for clear, and consistent communication by the central bank to reinforce confidence in its commitment to price stability and guide inflation expectations towards the target.

Policy implications: continuous monitoring of inflation and exchange rate developments, as well as enhanced monetary and fiscal policy coordination are critical

Monitoring and assessing developments in the exchange rate and inflation remain critical to anchoring inflation expectations as these factors have potential to de-anchor long-term inflation expectations. The need to maintain exchange rate stability and manage risks associated with persistent depreciation cannot be overemphasised. In addition, strengthening fiscal discipline and enhancing monetary and fiscal policy coordination are critical to reducing inflationary pressures and limiting the impact of fiscal imbalances on inflation expectations.

This submission draws on the analysis presented in the Bank of Zambia working paper 'Are Inflation Expectations in Zambia Anchored? What are the Drivers?'

The author is Executive Assistant to the Deputy Governor-Administration

INTRODUCING THE SURVEY OF ECONOMIC EXPECTATIONS

By Patricia Funjika (Dr) and Webby Chishala



Dr. Funjika



Mr. Chishala

Expectations regarding the future path of key macroeconomic variables play a fundamental role in the formulation and transmission of monetary policy by central banks. Since market expectations are not directly observable, they must be inferred using indirect measures. One of the most widely used approaches is the collection of survey-based information from informed economic agents such as economists, financial market participants, businesses, and consumers.

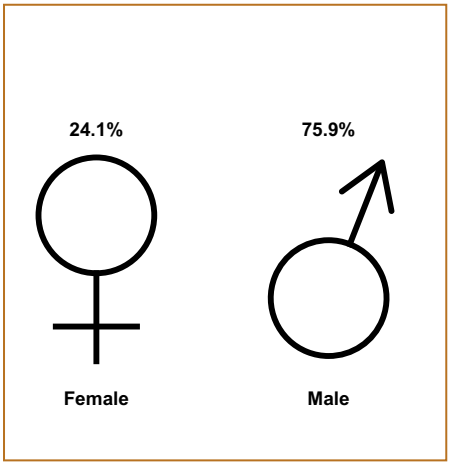
In June 2024, the Bank of Zambia launched the Survey of Economic Expectations (SoEE) to gather forecasts on inflation, exchange rates, economic growth, and the monetary policy stance from academics and economic experts. The survey, conducted every quarter, captures expectations for both the short term, covering the next one and two quarters, and the medium term, through one- and two-year-ahead projections. The selected indicators provide a broad assessment of expected macroeconomic conditions over these horizons.

The classification of variables is based on the economic sector they represent. The SoEE covers eight price-related variables, eight exchange rate variables, eight economic activity variables, eight interest rate variables, as well as variables capturing assessments of monetary policy. Participation in the SoEE is voluntary and limited to a purposively selected group of institutions with demonstrated expertise in economic analysis and a proven track record of producing reliable forecasts.

Who takes part in the survey

Participation has remained broadly stable since the survey's introduction, averaging 29 respondents from 33 selected institutions. Respondents come from commercial banks, civil society and non-governmental organisations, professional bodies, and academic institutions, including universities and research institutes. This diverse composition is intended to capture a wide range of informed views on the macroeconomic outlook. Although gender representation differs across survey rounds, the latest round was dominated by male respondents. Most participants occupy senior management roles, particularly as heads of business units or regions, and are affiliated with institutions based in Central, Copperbelt, and Lusaka Provinces, which account for a substantial share of Zambia's economic activity and financial sector institutions.

Gender Composition of Respondents



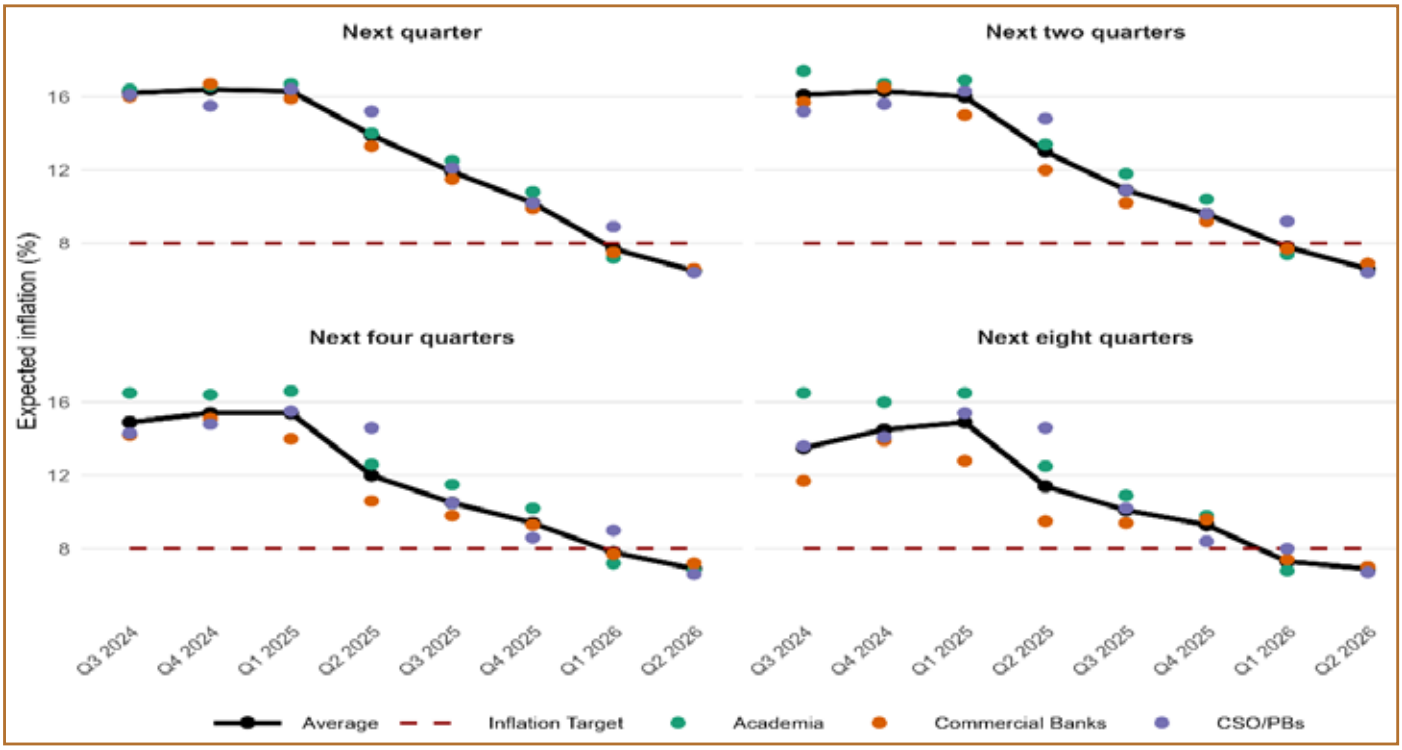
How is the data collected?

Forecasts are collected online through a self-administered questionnaire, and participants access the survey using assigned login credentials. The Statistics Department manages the data collection process and ensures the confidentiality of all submissions. To protect respondents' information, only aggregated results are published, while access to individual forecasts is restricted to authorised personnel responsible for administering the survey system.

Inflation Expectations: Trends and Cross-Institutional Perspectives

Inflation expectations declined markedly over the survey period, broadly mirroring the easing of actual inflation. Although expectations remained elevated through early 2025, reflecting the high-inflation environment at the time, they fell sharply from the second quarter of 2025 as price pressures subsided. By the first half of 2026, inflation expectations across all forecast horizons had dropped to between 6.5 and 7.8 percent, placing them within the Bank of Zambia's target range of 6–8 percent.

Inflation Expectations by Institution and Forecast Horizon



The close movements between actual and expected inflation suggests that respondents revised their outlook in each period in line with improving macroeconomic conditions. In addition, the narrowing differences between short and long-term expectations, together with their convergence around the inflation target, point to increased confidence that inflation will remain low and stable. While expectations alone do not conclusively establish anchoring, their alignment with declining actual inflation, together with their convergence around the inflation target over longer horizons, is consistent with improving confidence in the credibility of monetary policy and the sustainability of the price stability management process.

How do these compare across the different institutions? We find that across institutions, inflation expectations followed a similar downward trajectory, although the pace of adjustment differed. Academia maintained relatively higher and more persistent inflation expectations during 2024 and early 2025, with projections remaining above 16 percent across most horizons. However, expectations declined steadily from Q2 2025 and converged to within the target range by Q1 2026, suggesting a gradual reassessment of the inflation outlook as actual inflation moderated. Commercial banks adjusted their inflation expectations more rapidly, particularly over longer horizons, reflecting greater sensitivity to monetary conditions, exchange rate movements, and emerging inflation risks. Civil society organisations and professional bodies displayed more persistent expectations initially but revised them downward significantly from Q3 2025, eventually converging with other respondent groups. By Q2 2026, expectations across all institutions had aligned within a narrow range of 6.4–7.2 percent, suggesting broad confidence that inflation would remain within the target range. The convergence across respondent groups indicates improved alignment of inflation perceptions and is consistent with strengthening monetary policy credibility and better-anchored inflation expectation.

Publication Policy

Since January 2026, the SoEE report has been published on the Bank of Zambia's website, making the survey results publicly accessible. Following each quarterly survey round, participants also receive a link to the report, which provides detailed information on the distribution of forecasts and the survey findings.

The Bank periodically reviews and updates the survey methodology to ensure it remains relevant to evolving macroeconomic conditions and aligns with technical best practices. These reviews have resulted in the introduction of new variables and adjustments to the survey framework, enhancing its scope, analytical value, and flexibility. These methodological reviews are informed by user feedback, helping to ensure that the survey remains relevant, responsive, and aligned with participants' needs.

The authors are Senior Economist - Field Surveys and Economist, Statistics Department

FROM FUEL PRICES TO FINANCIAL STABILITY: UNDERSTANDING THE IMPACT OF DIESEL PRICE SHOCKS ON BANKING SECTOR CREDIT RISK IN ZAMBIA[1]

By Mataa Wakumelo



Introduction

Recent geopolitical tensions have significantly increased volatility in crude oil prices, with important implications for fuel-importing economies such as Zambia. Within the domestic market, diesel remains the dominant fuel in total petroleum consumption and serves as a vital anchor input for critical sectors, including mining, agriculture, transport, and manufacturing. Consequently, crude oil supply and price shocks are directly transmitted into the Zambian domestic economy. While these shocks manifest primarily through rising retail diesel prices, their ultimate effects cascade to businesses and households, and the financial system.

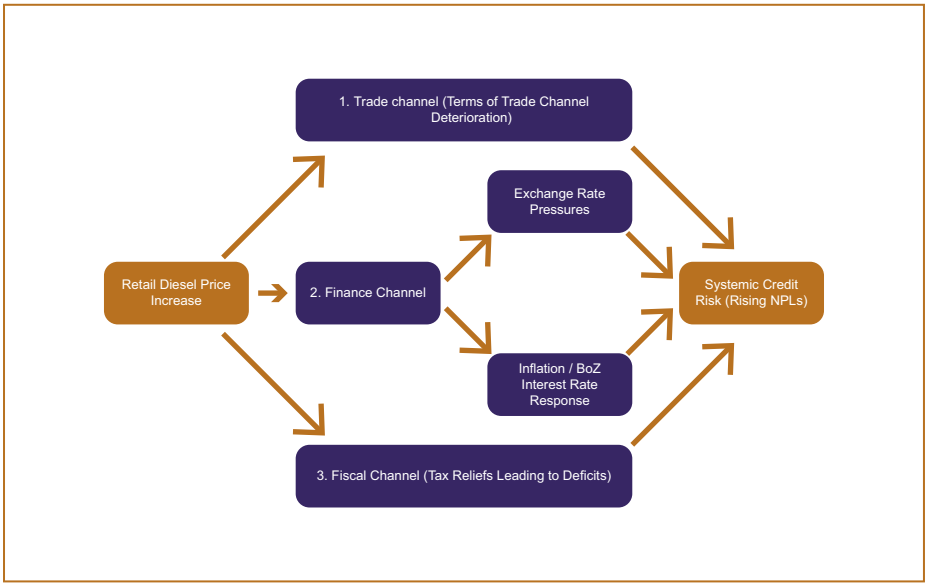
The Transmission Channels

There are three main channels through which these external oil shocks are transmitted to the real economy and financial system (Figure 1). First is the trade channel which manifests through slower economic growth as the terms of trade deteriorate. This arises after rising retail fuel prices inflate input and logistical costs, directly compressing firm profit margins and household disposable incomes. Second is the finance channel which is dual-faceted. The primary effect occurs through the exchange rate channel when an escalating national fuel import bill triggers an acute demand for US dollars, causing a depreciation of the Kwacha that increases the cost of imported intermediate goods and foreign-currency liabilities. This is then compounded by the secondary effect which is precipitated by second-round inflationary pressures following a weaker exchange rate. The central bank responds by tightening monetary policy thereby raising borrowing costs and loan repricing. Third is the fiscal channel where escalating oil prices widen the budget deficit, potentially leading to an accumulation of Government arrears to domestic contractors who, in turn, face severe cash flow mismatches. Together, these compounding channels severely erode borrower cash flows and accelerate the transition of performing assets into non-performing loans (NPLs).

Under What Conditions Do Diesel Price Variations Affect Banks' Health?

The empirical findings reveal that diesel price increases do

Figure 1: Conceptual Macrofinancial Transmission Loop of Oil Shocks to NPLs



Source: Author's compilation

Analytical Core Note:

Crude oil supply shocks arising from geopolitical tensions in the Middle East are predominantly transmitted to the domestic economy through corresponding increases in diesel prices. Beyond this direct pricing channel, the macrofinancial impact is further compounded by three critical systemic transmissions: the balance of payments channel (currency depreciation), the monetary policy channel (interest rate adjustments), and the fiscal channel (accumulation of public arrears).

not significantly impact banking sector stability when analysed in isolation. Under accommodative (loose) monetary policy conditions, commercial bank borrowers and households are generally resilient enough to absorb escalating fuel costs without triggering significant loan defaults. However, the transmission mechanism shifts and becomes significant under restrictive (tight) monetary policy conditions. In this regime, rising fuel costs directly coincide with elevated borrowing costs and tight market liquidity. This limits the debt-servicing capacity of both corporate and retail borrowers.

Quantitatively, the estimated cumulative coefficient of 0.0672 under the tight monetary policy regime indicates that increases in diesel prices contribute to a cumulative rise in the change of the system-wide NPL ratio over a 12-month horizon. The result suggests that diesel price shocks exert a statistically significant adverse effect on banking sector asset quality when monetary conditions are restrictive. In contrast, under a loose monetary policy regime, the cumulative effect is considerably smaller (0.0193) and statistically indistinguishable from zero, indicating that the banking sector is generally able to absorb diesel-price-related cost pressures when liquidity conditions are more accommodative.

In addition, the exchange rate emerges as a notable transmission catalyst, with currency depreciation significantly escalating credit risk. Because Zambia is heavily dependent on imported petroleum and intermediate industrial goods, sudden currency movements multiply the domestic impact of external supply shocks. Conversely, positive real economic growth acts as an essential macroeconomic stabilizer, consistently lowering NPLs, albeit with a lag.

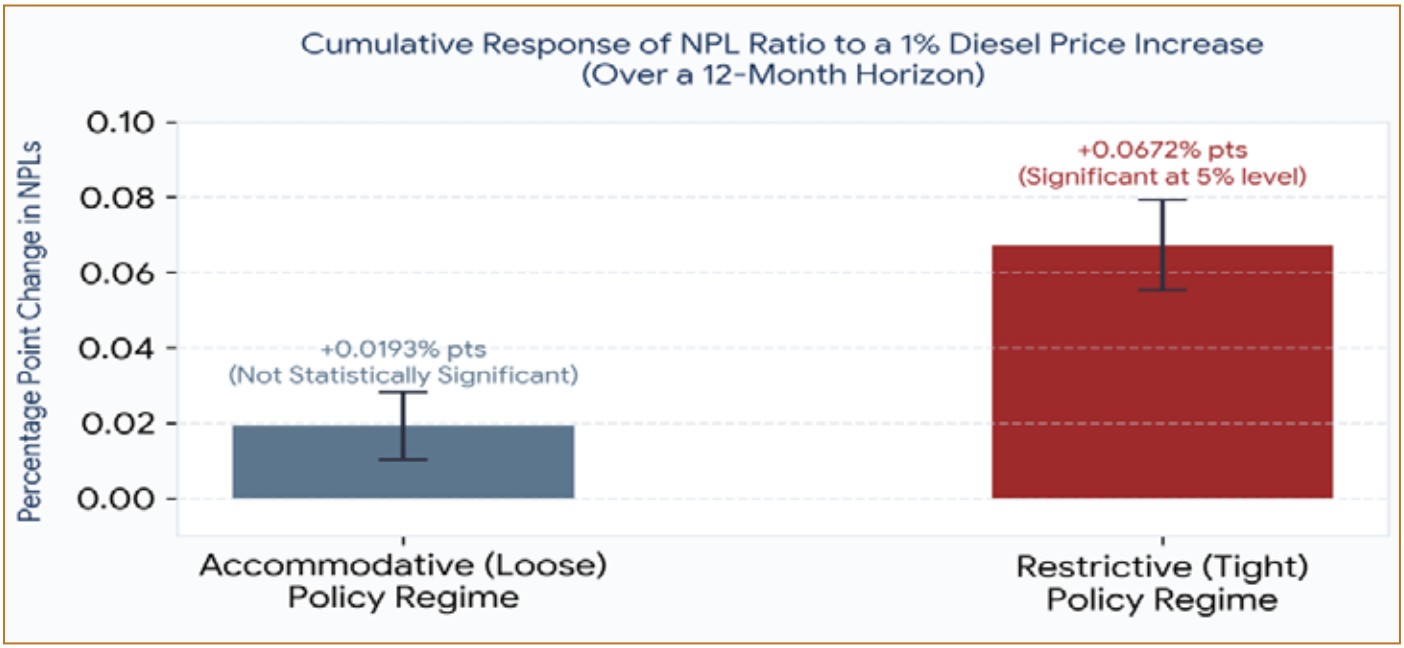
The Macroprudential Policy Framework Needs to Incorporate Energy Shocks

The overriding policy implication is that the macroprudential and supervisory framework for Zambia should explicitly and dynamically incorporate energy price shocks, particularly when those shocks transpire during phases of monetary tightening. The interaction between escalating operational fuel costs and restrictive domestic financial conditions represents a potent threat to systemic financial stability, one that is entirely masked by standard stress-testing or assessment models.

Consequently, strengthening the Bank of Zambia's early-warning systems, forward-looking macroprudential surveillance, and thematic stress-testing tools to account for these specific interaction effects is critically vital for safeguarding banking sector resilience within an increasingly volatile global macroeconomic environment.

The author is Senior Analyst - Macro Prudential Analysis & Surveillance - Financial Stability Department

Figure 2: Estimated Elasticity of NPLs Across Divergent Monetary Policy Regimes



Source: Author's compilation using estimation output from Stata

[1] *This article is an extract from a full working paper which employs a Distributed Lag Regime Dependent Model using monthly data spanning April 2012 to December 2025.*

THE COMPLIANCE OFFICER'S STRATEGIC MANDATE: LESSONS FROM SUPERVISION (PART 2)

By Oscar Z. Nkhuwa



This second article in the five-part series, Lessons from Supervision, turns from the front line to the compliance function. In Part 1 we established where anti-money laundering and countering the financing of terrorism (AML/CFT) risk is first encountered, Part 2 examines the role responsible for interpreting that risk, challenging weak controls, and converting internal concerns into meaningful action. In practice, the compliance officer sits at the centre of that responsibility.

Across financial institutions, the compliance officer is often described as the custodian of the AML/CFT framework. But that description is no longer enough. Supervisory experience shows that the role is far more consequential than administrative oversight. The compliance officer is expected to connect policy with practice, risk with response, and operational vigilance with governance. Where that role lacks authority, independence, or adequate support, AML/CFT frameworks become reactive, fragmented, and significantly less effective.

Why the compliance function matters

The compliance officer occupies a uniquely important position within the AML/CFT control environment. Front-line staff may identify red flags and escalate concerns, but it is the compliance function that determines whether those concerns are properly analysed, documented, investigated, and, where necessary, reported. It is also the function expected to guide the institution's interpretation of risk, ensure that controls remain proportionate and help management and the board understand where the real vulnerabilities lie.

This makes the compliance officer far more than a procedural reviewer. In a sound AML/CFT framework, the function should act as an internal risk interpreter. It should test whether customer risk classifications are credible, whether transaction monitoring is calibrated appropriately, whether internal reports are escalated without delay, and whether emerging threats are being translated into practical control responses.

Where the function is weak, the consequences are rarely confined to the compliance unit. Escalation slows. Suspicious behaviour is debated too long or analysed too weakly. Control gaps persist without challenge. Risk assessments become static documents rather than live management tools. Over time, the institution may retain the appearance of compliance while losing much of its practical effectiveness.

What the framework requires

International standards are clear that the compliance function must be independent, competent, and adequately resourced. The Financial Action Task Force (FATF) Recommendations, particularly those dealing with internal controls and the risk-based approach, require institutions to establish compliance arrangements that are not merely formal, but capable of influencing outcomes in practice. That means sufficient authority, access to management, and the ability to guide the institution's response to financial crime risk in a meaningful way.

Zambia's domestic framework reinforces the same principle. Section 23 of the Financial Intelligence Centre Act No. 46 of 2010, as amended, requires reporting entities to appoint a compliance officer at management level and assigns responsibilities relating to programme implementation, staff training, and the effectiveness of internal controls. The Bank of Zambia's AML/CFT Directives of 2017 strengthen this expectation by requiring prompt internal escalation, timely suspicious transaction reporting, and governance arrangements that support independence and continuity in the role. The message is clear: the compliance officer is expected to operate with competence, stability, and sufficient institutional standing to influence decisions.

For that reason, the compliance function can no longer be viewed as a back-office checkpoint. The shift from rules-based compliance to risk-based supervision has elevated the role into one of institutional significance. Institutions are no longer judged only on whether they have appointed a compliance officer. They are increasingly judged on whether that officer can actually lead, challenge, and shape the institution's AML/CFT response.

What supervisors commonly see

Despite the clarity of the framework, supervisory reviews continue to reveal recurring weaknesses in how institutions position and support the

compliance function.

One of the most common problems is insufficient authority and access. In some institutions, the designated compliance officer operates at too junior a level, without a meaningful seat in management decision-making and without direct access to the board or a relevant board committee. Where the role lacks institutional standing, the compliance function struggles to challenge business decisions, escalate sensitive concerns, or maintain independence in practice.

A second weakness is uneven capability, particularly in smaller institutions. Supervisory experience shows that some payment service providers, bureaux de change, and smaller non-bank financial institutions appoint compliance officers without ensuring that they are adequately trained in the full scope of their legal and operational responsibilities. In such cases, AML/CFT oversight becomes overly procedural, with compliance reduced to checklist completion rather than genuine risk management.

A third issue is the persistence of reactive rather than risk-based compliance. Some compliance units still focus narrowly on procedural adherence while giving insufficient attention to whether controls are proportionate to the institution's actual risk profile. A strong compliance function should not simply confirm that steps were followed. It should assess whether those steps were enough, whether the institution's risk assessment remains credible, and whether emerging patterns require stronger or different controls.

Under-resourcing is another recurring concern. Many compliance teams continue to operate with limited staff, outdated monitoring tools and heavy reliance on manual processes. This constrains their ability to test controls, analyse alerts, identify patterns, and respond to evolving risks with the required speed and depth. A compliance function cannot be expected to operate with influence if it is resourced only to cope administratively.

Training and institutional culture also remain uneven. Even where a compliance officer is formally appointed, the wider environment may not support effective performance. Continuous learning is essential, not only for technical compliance staff, but for the broader business and management structures that rely on the compliance function for guidance. Where institutions do not invest in this learning culture, the compliance function is often left to operate in isolation rather than as part of a coherent control framework.

Strengthening the compliance mandate

If institutions want a compliance function that genuinely supports AML/CFT effectiveness, the role must be positioned and resourced as a serious control function, not a symbolic one.

First, the compliance officer should operate at a level commensurate with the importance of the mandate. That means genuine management-level standing, direct access to decision-makers, and the ability to engage the board or a board committee where necessary. Independence is not preserved by job title alone. It is preserved by access, authority, and the confidence to challenge where



challenge is required.

Second, institutions should resource the function in proportion to their risk profile. A higher-risk institution cannot expect meaningful AML/CFT effectiveness from a minimally staffed team using outdated tools. Staffing, analytics capability, system support, and budget should all reflect the complexity of the business model and the institution's exposure to financial crime risk.

Third, the compliance function should lead the practical application of the risk-based approach. This means driving dynamic risk assessment, ensuring that control design aligns with actual risk, and helping the institution move beyond procedural compliance to informed judgement. The compliance officer should be one of the institution's key voices on how risk is understood and managed.

Fourth, institutions should invest in continuous learning. Training should not be treated as a periodic formality. It should expose compliance teams to typologies, local trends, supervisory expectations, and lessons emerging from examinations and peer practice. A strong compliance function is one that continues to sharpen its judgement.

Fifth, compliance should be integrated into business strategy rather than isolated from it. Product design, onboarding models, digital channels, and new delivery mechanisms all create AML/CFT implications. The compliance officer should therefore be involved early enough to influence decisions, not consulted only after risk has already been embedded in the operating model.

A broader supervisory lesson

A strong compliance function does more than keep institutions within the rules. It helps them remain in control of their risk. Institutions that perform well under supervision are often those where the compliance officer is not treated as a procedural gatekeeper, but as a trusted control leader whose role carries weight across the business. In those institutions, compliance supports better governance, stronger escalation, more credible reporting, and more resilient risk management.

By contrast, where the role is misunderstood or marginalised, the effects are rarely confined to the compliance department alone. Weak independence, weak analysis, weak escalation, and weak challenge usually produce weak outcomes across the wider AML/CFT framework.

That is the real importance of the compliance officer's mandate. It is not simply to maintain the framework. It is to help make the framework work.

Conclusion

The compliance officer stands at the heart of AML/CFT effectiveness. While the front line may detect unusual behaviour, it is the compliance function that determines whether risk is properly understood, assessed, and acted upon. For that reason, the role should not be viewed as administrative custodianship, but as a strategic mandate within the institution.

Where compliance officers are empowered, independent, well-trained, and properly resourced, they strengthen governance, improve escalation, and help institutions respond to risk with greater clarity and discipline. Where they are positioned too low, resourced too thinly, or treated too narrowly, the AML/CFT framework becomes reactive and exposed.

Supervisory experience continues to show that effective AML/CFT compliance depends not only on appointing a compliance officer, but on whether the institution gives that officer the authority and support needed to lead. In that sense, the strength of the compliance function is one of the clearest indicators of whether an institution is truly in control of its AML/CFT risk.

In Part 3, the series turns to management and examines how the behaviour of middle and senior layers can either weaken compliance through delay and inertia, or strengthen it through urgency, accountability, and risk ownership.

The Author is Acting Operational Risk Specialist in the Risk and Compliance Department.



UNLOCKING AFFORDABLE HOMES FOR ZAMBIANS: KEY LESSONS FROM THE AFI–HABITAT HOUSING FINANCE MISSION

By Oswald K. Mungule (Dr)



The Bank of Zambia - Alliance for Financial Inclusion (AFI) - Habitat Joint Task Force on affordable, inclusive and sustainable housing finance undertook an in-country implementation mission to Lusaka from 4 to 8 May, 2026. The mission brought together peer central bankers, housing finance specialists and development partners to examine how Zambia can deepen access to housing finance for low and middle income households, informal sector workers and climate-vulnerable communities.

The mission was conducted under the AFI - Habitat for Humanity partnership, which supports member institutions in strengthening policy and regulatory frameworks for inclusive housing finance. For Zambia, it provided a timely opportunity to identify practical constraints limiting affordable, inclusive and sustainable housing finance and to determine the regulatory, institutional and market reforms needed to build a more responsive ecosystem.

At the centre of the mission were consultations with institutions that shape Zambia's housing finance system. These included the Ministry of Finance, National Housing Authority, National Council for Construction, National Pension Scheme Authority, United Nations Development Programme (UNDP) BIOFIN Zambia, commercial banks, specialist mortgage providers, non-bank financial institutions and microfinance institutions. The discussions covered the proposed Mortgage Refinance Company, long-term liquidity, credit enhancement, land and collateral reform, construction costs, bulk infrastructure, green housing standards, informal-income underwriting, consumer protection, and the role of pension and capital-market finance in supporting affordable housing.

The consultations made one point unmistakably clear: Zambia's housing finance challenge is not simply a shortage of mortgage products. It is a system-wide constraint involving land tenure, construction costs, infrastructure delivery, long-term funding, regulatory classification, institutional coordination and affordability. Formal mortgage finance remains concentrated in a narrow population segment, while extensive housing-related borrowing already takes place through microfinance, payroll lending, personal loans and incremental construction finance.

A major outcome was the need to design Zambia's housing finance regulations around three channels: developer built housing finance, conventional mortgage finance and housing microfinance. Each requires a distinct regulatory response, covering serviced land and infrastructure, long-term liquidity and collateral perfection, and recognition of incremental construction and home-improvement lending in supervisory reporting.

Government and regulatory institutions stressed that housing finance reform requires coordinated fiscal, institutional and legal action, including alignment with the proposed Mortgage Refinance Company, serviced land, affordable-housing quotas, bulk infrastructure financing and a modernised housing framework.

The National Council for Construction noted that affordability is constrained less by construction capacity than by high material, land, energy and transport costs, weak utility coordination and limited lender visibility over credible developers. A vetted developer database would strengthen due diligence in housing development finance.

Financial-sector stakeholders confirmed that commercial banks are more likely to participate through developer finance, wholesale funding and capital-market instruments, while specialist mortgage providers can lend effectively where staged disbursement, conservative loan-to-value ratios and supplier-direct payments reduce risk. However, high funding costs and asset-liability mismatch remain binding constraints.

Mission Focus	Key Issue	Policy Implication
Housing Access	Mortgage finance reaches a narrow segment	Recognise broader housing-purpose lending
Market Constraints	Land, infrastructure, funding and construction costs	Coordinate reforms beyond financial regulation
Sustainability	Green housing standards remain emerging	Link housing finance to taxonomy and resilient building practices

Stakeholder	Coordination Role
Bank of Zambia	Regulatory design, supervisory reporting, risk safeguards and convening authority
Ministries responsible for finance, housing, infrastructure and lands	Fiscal alignment, serviced land, titles, infrastructure and policy coherence
SEC, PIA and pension institutions	Capital-market and long-term funding mobilisation
Housing, construction and traditional institutions	Credible developers, building standards, customary land and local implementation

Microfinance and non-bank institutions showed that many households already finance housing through payroll, business, movable-property-secured and group-based loans used for land purchase, incremental construction, utilities, sanitation and solar solutions. This "invisible housing finance" should be recognised in supervisory reporting and regulatory design.

The Bank of Zambia may:

- Adopt a broad housing finance definition covering mortgages, incremental construction, home improvement, green housing, payroll-backed housing and other housing-purpose lending.
- Embed affordability safeguards in concessional or wholesale facilities, including eligibility, loan limits, pass-through pricing, reporting and audit rights.
- Recognise different provider categories and apply suitable eligibility standards for banks, specialised mortgage lenders, building societies, microfinance institutions and guarantee providers.
- Use BoZ's convening role to support land, collateral and enforcement reforms, including digital land records, valuation standards, serviced plots and faster mortgage dispute resolution.
- Integrate green and resilient housing by linking regulation to the Zambia Green Finance Taxonomy, credible external standards, building codes and early microfinance pilots.
- Formalise coordination through a Housing Finance Coordination Committee covering BoZ, key ministries, housing agencies, financial regulators, traditional authorities, MFIs and development partners.

Recommendations

- Broaden the definition of affordable, inclusive and sustainable housing finance to capture mortgages, incremental construction, home improvement, payroll-backed housing, green housing finance



Three Housing Finance Channels	Main Bottleneck	BoZ Regulatory Response
Developer-Built Housing Finance	Serviced land, infrastructure and buyer offtake	Support due diligence, credible developers and coordinated supply-side reforms
Conventional Mortgage Finance	Long-term liquidity and collateral perfection	Enable refinance structures, risk standards and consumer safeguards
Housing Microfinance	Limited recognition in loan classification	Capture incremental construction and home-improvement lending in reporting

and other housing-purpose loans currently hidden in consumer and business loan books.

- Embed affordability safeguards for wholesale or concessional facilities, including eligibility criteria, loan and unit value limits, tenor standards, retail-rate pass-through requirements and regular reporting.

- Design the Mortgage Refinance Company and related facilities to serve banks, specialised mortgage lenders, building societies, deposit-taking microfinance institutions and regulated payroll or housing microfinance providers.

- Use the Bank's convening authority to support land and collateral reforms, including digital title records, encumbrance checks, valuation standards, movable-property enforcement and specialised judicial capacity.

- Integrate green and resilient housing into regulation by linking housing finance to the Zambia Green Finance Taxonomy, building standards, solar, water, sanitation and climate-resilient incremental construction.

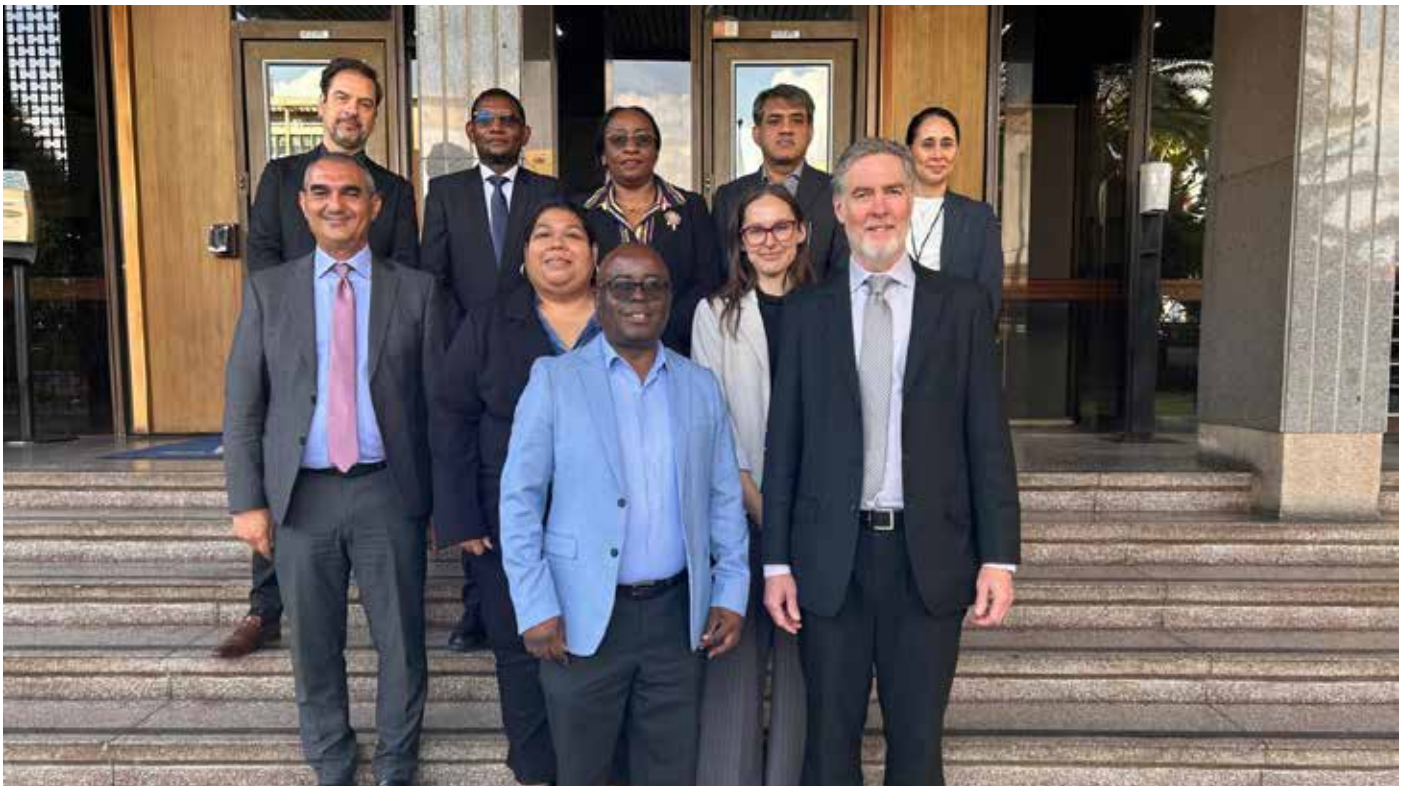
- Establish a high-level Housing Finance Coordination Committee to align regulators, ministries, housing institutions, financial institutions, traditional authorities and development partners.

- The AFI - Habitat mission's core message is that housing finance reform must go beyond a refinancing institution and be supported by long-term local-currency funding, sound planning, private capital, pricing pass-through rules and coordinated land, infrastructure and housing reforms.

- BoZ should translate the mission findings into risk-sensitive, market-building regulations that measure real housing - purpose finance, support responsible long-term lending, protect borrowers and lenders, incentivise private capital and enable green housing.

- The mission provides a pathway for Zambia to build a housing finance ecosystem that recognises incremental construction, informal incomes, customary land, climate vulnerability and coordinated institutional action to expand decent, affordable and resilient housing.

The author is Senior Analyst - Regulatory Policy Research & Licensing, Prudential Supervision Department



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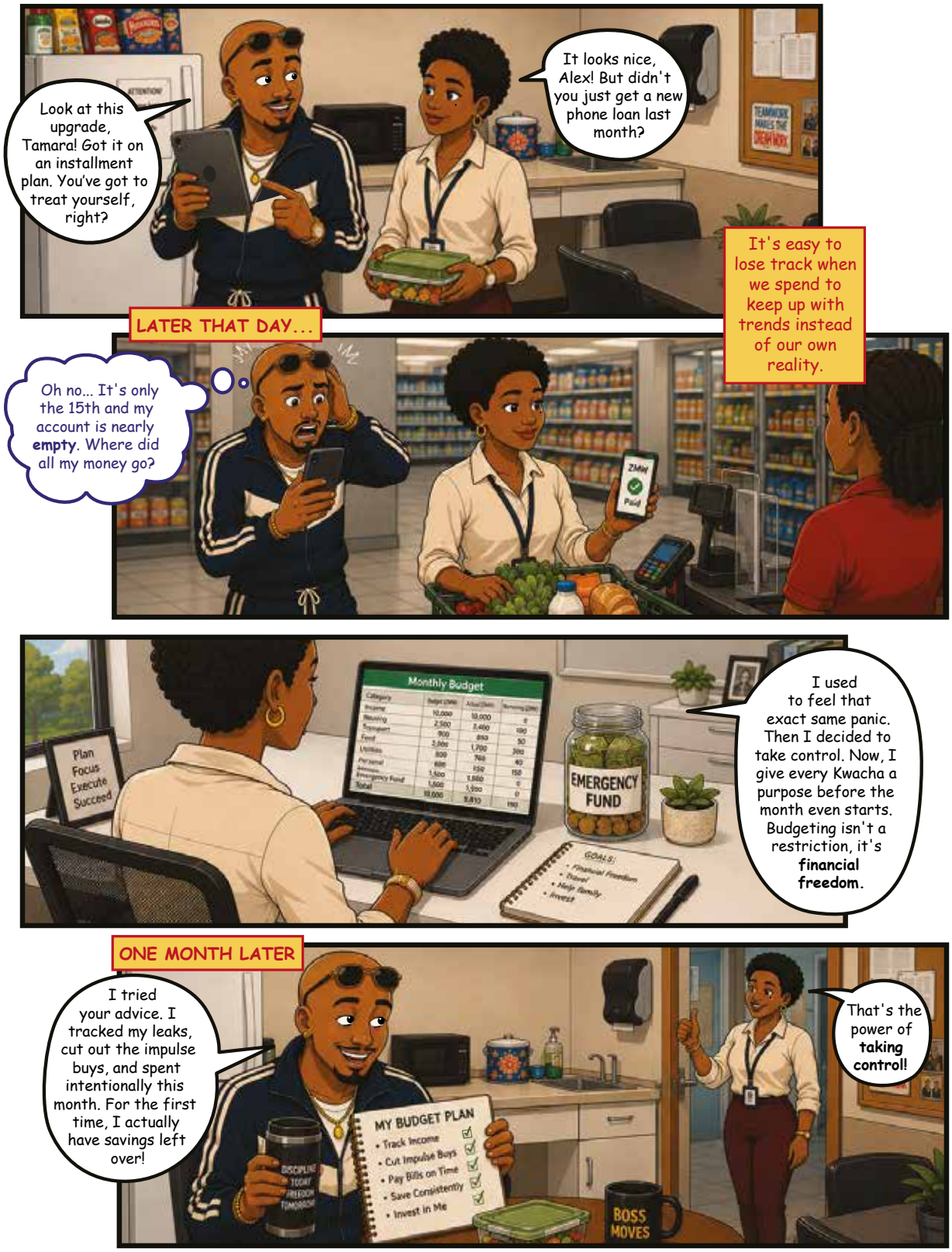


GUARDING THE MARKETPLACE

Consumer Protection and Market Conduct Supervision

By Nsumbu D. Chishimba and Edinasi Nkosi





Every time a financial consumer walks into a branch, taps a phone to send money, or signs for a loan, a quiet promise is made. It is a promise that they will be treated fairly, that the price and terms of the product are disclosed clearly, and that the institution on the other side of the counter will act honestly and in good faith. Fairness here is not a quality of the product alone, it is a standard of conduct that runs through how a product is designed, how it is sold, and how the customer is treated long after the sale. Making that promise real is the work of consumer protection and market conduct supervision, an area of the Bank's mandate that rarely makes headlines yet touches almost every financial transaction in the country.

When a consumer deals with a regulated entity, fair treatment is only one of several outcomes the Bank seeks. Consumers should also be able to access suitable products, receive clear and comparable information, be charged reasonable and transparent prices, have their data protected, and obtain effective redress when something goes wrong. Consumer protection supervision exists to make these outcomes ordinary rather than exceptional.

Why the Marketplace Needs a Referee

Financial markets do not always treat both sides equally. A lender knows far more about the true cost of a loan than the borrower who takes it, and an insurer understands the fine print better than the customer who signs it. Economists describe this imbalance



as information asymmetry, and, left unchecked, it can distort markets and drive fair dealing out of them altogether.

The foundational insight came from the Nobel laureates George Akerlof, Michael Spence and Joseph Stiglitz, whose work on markets with asymmetric information showed how a market can fail when one party knows more than the other. In such conditions, low-quality products and predatory pricing can crowd out honest offerings, and interest rates are often punishingly high in poorly regulated credit markets. It is precisely this imbalance that consumer protection supervision exists to correct, not by setting prices, but by insisting on transparency, fair conduct and accountability so that consumers can make informed choices.

A Mandate Rooted in Law

In Zambia, this responsibility is anchored in statute. The Banking and Financial Services Act No. 7 of 2017 devotes a dedicated part to anti-competitive practices and consumer protection, placing on the Bank of Zambia the duty to promote and safeguard sound business practices, the fair treatment of consumers, and effective redress. Following an institutional reorganisation in January 2024, the Bank established the Financial Conduct Supervision Department and, within it, the Consumer Protection and Market Conduct Division. This was a deliberate structural signal that market conduct deserves supervisory attention in its own right, alongside the traditional focus on the financial soundness of institutions.

> **Under the Bank of Zambia Act, 2022 and the Banking and Financial Services Act, and in particular Section 107 of the BFSA, a financial service provider must obtain the prior written approval of the Bank before introducing a new charge or increasing an existing one for retail customers and micro, small and medium enterprises.**

The thinking behind this structure is not unique to Zambia. Globally, regulators have increasingly recognised that market conduct and consumer protection require dedicated attention, distinct from the traditional focus on the financial soundness of institutions. In some jurisdictions, such as Australia, the Netherlands and South Africa, this recognition has been taken to its fullest expression through the "twin peaks" model, under which one authority is responsible for financial stability and a separate authority is devoted to market conduct and consumer protection. Zambia has not adopted a twin peaks structure; the Bank of Zambia is responsible for both prudential and conduct matters. Even so, the creation of a dedicated Consumer Protection and Market Conduct Division reflects the same underlying principle, namely that the fair treatment of consumers is a supervisory objective worthy of specialist focus rather than an afterthought, as scholars Andrew Godwin and Andrew Schmulow highlight in the Cambridge Handbook of Twin Peaks Financial Regulation.

What the Work Actually Involves

Consumer protection supervision is highly practical. It blends investigation, examination and market surveillance, and much of its value lies in steady, methodical work carried out with objectivity and rigour.

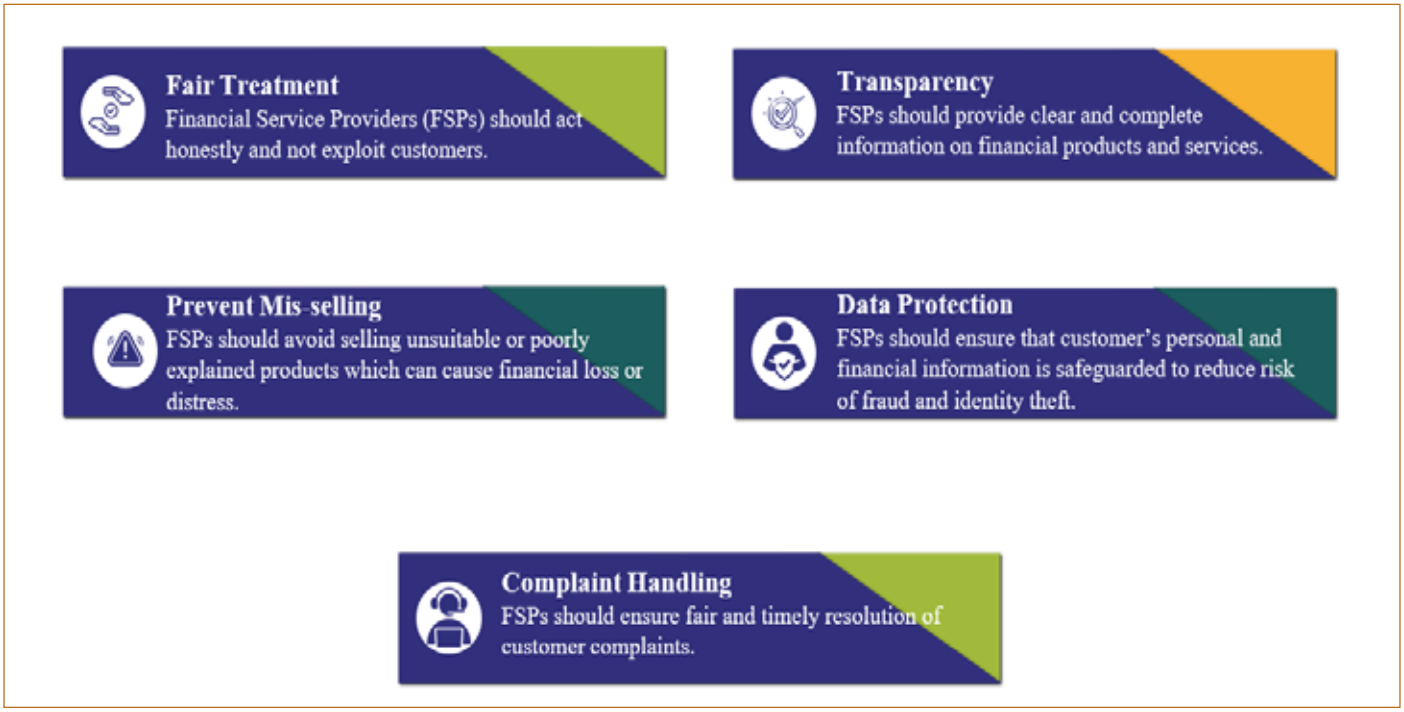
- **Resolving complaints.** Where a consumer's grievance is not satisfactorily resolved by their financial service provider, the Bank receives and adjudicates the escalated matter. The Bank's records show that the largest categories of complaints relate to everyday transactions such as funds transfers and loan administration, rather than complex or unusual products. In practical terms, this means that most consumer harm arises from the routine dealings people have with their banks and mobile money providers every day, which is precisely where supervisory attention delivers the greatest benefit.

> **The Bank assesses whether institutions disclose the true cost of borrowing, handle complaints properly, treat customers fairly and maintain adequate board oversight of conduct risk.**

- **Conducting onsite examinations.** The Bank assesses whether institutions disclose the true cost of borrowing, handle complaints properly, treat customers fairly and maintain adequate board oversight of conduct risk. The task is to follow the trail from policy on paper to practice at the point of service delivery.

- **Mystery shopping and market monitoring.** Drawing on approaches promoted by bodies such as the OECD and FinCoNet, the Bank deploys trained officers who pose as ordinary consumers to experience financial services first hand, whether by visiting a branch, telephoning a call centre or making an online enquiry. This incognito technique, complemented by reviews of advertising, websites and published charges, tests whether the service consumers actually receive matches what institutions promise the public, and helps uncover risks that may not be visible from returns and reports alone.

- **Reviewing products and pricing.** Under the Bank of Zambia Act, 2022 and the Banking and Financial Services Act, and in particular Section 107 of the BFSA, a financial service provider must obtain the prior written approval of the Bank before introducing a new charge or increasing an existing one for retail customers and micro, small and medium enterprises. The rationale is to subject pricing decisions to independent scrutiny, guard against unjustified or excessive charges, and promote fair and transparent pricing. New products, fees and charges are therefore assessed before and after launch, increasingly with the support of structured



tools that classify risk and monitor institutions on a continuous rather than an episodic basis.

Aligning with Global Best Practice

The Bank's approach is deliberately aligned with international standards. The G20 and OECD High-Level Principles on Financial Consumer Protection, which are the recognised global benchmark and were updated in 2022, set out expectations on disclosure and transparency, responsible business conduct, complaints handling and redress, and the fair treatment of vulnerable consumers. Importantly, these standards apply to all consumers, with particular care taken to safeguard those who may be vulnerable by reason of age, income, disability, limited financial literacy or geographic location. The World Bank, for its part, has encouraged supervisors in emerging markets to adopt an approach based on risk, directing scarce supervisory resources to where the potential for consumer harm is greatest.

Measured against these yardsticks, the Bank has made commendable progress in adopting most of the applicable standards. It continues to review these standards on an ongoing basis and to adapt, proportionately, those that are best suited to the circumstances of Zambia's financial sector.

A Rapidly Changing Frontier

Around the world, digital financial services have brought millions of people into the formal financial system, but the same channels have also opened new avenues for mis-selling, opaque pricing and fraud. Zambia illustrates both sides of this story. The value of mobile payment transactions rose from K105.8 billion in 2020 to K891.6 billion in 2025, while the number of active mobile money wallets nearly doubled from 8.6 million to 17.0 million over the same period. The 2025 FinScope Survey placed overall financial inclusion at 80.1 percent, with mobile money use at 76.1 percent.

As the country moves towards a digital and increasingly cashless payments landscape, and as the regulatory perimeter is widened to bring additional providers, such as moneylenders, within the Bank's supervisory reach, the conduct agenda becomes ever more important. It is worth being clear about why. Sound conduct supervision is not pursued simply as a means to expand access. Its purpose is to secure fair outcomes and protect consumers from harm. Strong consumer protection would remain essential even in a market with modest inclusion, because the risk of unfair treatment exists wherever consumers and providers interact. Inclusion and protection are therefore complementary rather than causally dependent. Therefore, access without protection is a hollow achievement, and protection gives inclusion the durability to last.

Why It Ultimately Matters

Consumer protection and market conduct supervision is, at heart, about trust. When consumers believe they will be treated fairly, they feel confident to participate in the financial system, and that participation deepens markets and supports stability. Much of the work takes the form of small, steady actions, and its effect is cumulative. The cumulative effect of resolving complaints, withdrawing misleading advertisements and disclosing hidden charges enhances public confidence in the financial sector. In guarding the marketplace, the Bank ultimately guards the confidence on which the whole system depends.

The authors are Examiners - Consumer Compliance and Market Monitoring, Financial Conduct Supervision Department

INSURED BUT NOT REALLY

By Nchimunya Muvwende



You may speak passionately about the importance of insurance and the benefits it offers, but are you aware that many people perceive some insurance companies as scammers who never honour their promises? One frustrated customer shared their experience: "We have been pursuing our claim for more than a year, and our payment is still not coming through." This story is not unique. Many others have expressed similar frustrations, wondering why they paid substantial amounts for insurance only to be told they are not entitled to certain benefits.

Unfortunately, the failure is not always on the side of the insurer. Sometimes, the insured party may fail to comply with certain terms and conditions, often because they either did not read or did not fully understand them. In this article, we discuss why insurance claims are often declined and what can be done to make insurance beneficial for all parties.

Understand Insurance Contracts

Insurance coverage involves entering into a contract between the insured and the insurance company. Like any other contract, there are specific terms and conditions that both parties must adhere to for the agreement to remain valid and effective.

These conditions vary from one company to another, from one type of insurance to another, and even from one policy to another. Therefore, whenever you purchase insurance or invest with an insurance company, it is important to understand the agreement you are signing.

> **Insurance coverage involves entering into a contract between the insured and the insurance company. Like any other contract, there are specific terms and conditions that both parties must adhere to for the agreement to remain valid and effective.**

One of the biggest mistakes many people make is assuming that simply because they have purchased insurance, they are automatically covered in every circumstance. However, having a policy without adhering to its requirements, which are often detailed in the fine print, may result in the denial of insurance benefits.

Insurance companies collect premiums to cover calculated risks and are therefore careful not to assume risks beyond their capacity. Imagine if people with car insurance deliberately rammed into other vehicles knowing that insurance would pay, or if homeowners intentionally set fire to their homes expecting compensation from insurers. This is why understanding the contract is essential.

Disqualification Factors

Every insurance policy has rules and conditions that, if not followed, can result in the insured person not receiving benefits. These may include requirements for timely notification of claims, submission of necessary documentation, or fulfilment of other obligations.

For instance, my vehicle insurance policy clearly states that "notification must be made within 14 days for accident damage and within 48 hours for theft from the time of the event." Failure to report an incident within the stipulated timeframe may result in the claim being declined.

Furthermore, the policy states that "this insurance ceases upon the sale or change of ownership of the stated vehicle." Clearly, once a vehicle is sold, the insurance cover ends, and the new owner cannot rely on the previous owner's policy.

Other factors that may disqualify a claim under vehicle insurance include driving under the influence of alcohol, allowing an unlicensed driver to operate the vehicle, and failing to pay premiums when due. In the case of health insurance, non-disclosure of pre-existing medical conditions may also disqualify individuals from receiving certain benefits.

Therefore, it is important for policyholders to clearly understand the circumstances under which claims will be honoured and to comply with all policy requirements to avoid disappointment and frustration.

Understand Insurance Exclusions

When it comes to insurance policies, it is important to recognise that, like any other contract, they contain specific exclusions. Exclusions refer to losses, damages, or events that are not covered under the policy.

Under vehicle insurance, damage caused by war, civil unrest, riots, or terrorist activities is often excluded from coverage. Therefore, if you drive into an area experiencing civil disturbances and your vehicle is damaged, the insurer may reject your claim.

Similarly, damage resulting from natural disasters such as floods, intentional acts such as participating in car racing, or the normal wear and tear of a vehicle may also be excluded.

Vehicle insurance is typically limited to a specified territory. Consequently, if you drive outside the country's borders and your vehicle is damaged, your insurer may not cover the loss.

If you purchase third-party insurance, it is important to understand that only third parties are covered, not you or your vehicle. Likewise, medical insurance policies may exclude certain treatments or procedures, particularly expensive surgeries or specialised treatments.

Travel insurance also applies to specified destinations. You cannot simply change your destination and assume you will remain covered under the same policy terms.

For these reasons, it is extremely important to understand your insurance cover thoroughly and avoid making assumptions. If in doubt, always ask your insurance provider for a clear explanation of what is covered and what is excluded. It is better to seek clarification beforehand than to discover limitations only after a claim has been rejected.

> **...requirements for timely notification of claims, submission of necessary documentation, or fulfilment of other obligations.**

The Role of Insurance Companies

Insurance companies should be concerned when large numbers of clients complain about denied claims. While declining claims may improve profitability in the short term, the long-term effect can be a decline in business and lower insurance penetration.

Despite the importance and benefits of insurance, insurance penetration remains relatively low. One possible reason is that dissatisfied customers often discourage others from taking up insurance, causing companies to lose potential clients.

In some cases, this perception may arise because insurance companies focus heavily on marketing their products while providing insufficient information about policy limitations and exclusions. Customers may feel misled when claims are declined based on conditions they did not fully understand.

Insurance is undoubtedly important, but its true value is reflected in the benefits people receive when they need them most. Insured individuals have a responsibility not only to pay premiums but also to understand what they are paying for. Likewise, insurance companies have a responsibility to provide clear and comprehensive information so that disputes are minimised and customers are better informed.

The author is Economist, Liquidity Forecasting, Financial Markets Department



FREQUENTLY ASKED QUESTIONS ON FINANCIAL CONSUMER COMPLAINTS

By Besnat Mwanza



What complaints can I report to the Bank of Zambia?

The Bank of Zambia only handles complaints lodged against financial service providers under its licensing and regulatory authority. This includes complaints against commercial banks, non-bank financial institutions, payment service providers, and credit-reporting agencies.

The Bank of Zambia may refer a matter outside its regulatory mandate to the appropriate authority.

What should I do before I complain to the Bank of Zambia?

Firstly, make sure you have lodged your complaint with your financial service provider and allowed them enough time to resolve it. Be sure to ask them for a complaint reference number, as this lets you easily track and follow up on your complaint.

How long should a financial service provider take to resolve a complaint

Under the Bank of Zambia (Complaints Handling and Resolution) Directives 2020, your financial service provider should resolve your complaint within the following timelines:

- Simple complaints (for example, the non-provision of a statement) should be resolved within three (3) business days.
- Standard complaints should be resolved within five (5) working days from the date they are received.
- Complex complaints (for example, those involving another service provider) should be resolved within fifteen (15) working days from the date they are received.

Where a complaint is likely to take longer, your financial service provider should inform you and give you a timeframe within which it will be resolved.

How can I lodge a complaint with the Bank of Zambia

You can lodge a complaint with the Bank of Zambia through any of the following channels:

- Email: complaints@boz.zm
- In person: Visit the Head Office in Lusaka or the Regional Office in Ndola during business hours, Monday to Friday, 08:00 to 14:30. Please note that our offices are closed on weekends and public holidays.
- Telephone: Call the complaints line on +260 770 550 470 or the general line on +260 211 399 300.

You may also write to us at:
Director – Financial Conduct Supervision
Bank of Zambia
Bank Square, Cairo Road
P.O. Box 30080
Lusaka, Zambia

What information should I provide with my complaint?

When lodging your complaint, please provide the following:

Your full name and contact details.
- A copy of your ID
- The name of the Financial Service Provider you are in dispute with.
- The complaint reference number issued to you by that Financial Service Provider.
- A short, clear explanation of what happened and the solution you are seeking.
- Copies of relevant documents, such as statements, receipts, contracts, screenshots, messages, letters or emails exchanged with the Financial Service Provider.

Please do not send original documents unless the Bank of Zambia asks for them.

Is there a fee for lodging a complaint with Bank of Zambia?

No fee is charged for lodging a consumer complaint with the Bank of Zambia. You will, however, need to cover your own normal costs, such as phone calls, internet, printing, postage or transport.

What can I do if I am not satisfied with the resolution provided by the Bank of Zambia?

You may seek redress through the Courts of Law. However, should new evidence come to light, you may request the Bank of Zambia to review your complaint.

Important: Ensure that your complaint is firstly lodged with your Financial Service Provider before escalation to the Bank of Zambia. If the matter is not resolved, or you are not satisfied with the outcome, you may escalate to the Bank.

The author is Assistant Director - Communications, Executive Department

DEEPFAKES: HOW CRIMINALS ARE USING AI TO DECEIVE VICTIMS

By Daniel Chibesakunda



Introduction

Artificial Intelligence (AI) is transforming the way we work, communicate, and access information. From virtual assistants and automated customer service to content creation and fraud detection, AI offers many benefits to society. Unfortunately, like many technological advances, AI is also being exploited by cybercriminals.

One of the most concerning developments is the rise of deepfakes. Deepfakes are AI-generated videos, images, and audio recordings that convincingly imitate real people. These sophisticated fabrications can make individuals appear to say or do things they never actually said or did. What was once limited to highly skilled technology experts is now becoming accessible to almost anyone with access to AI tools. Cybersecurity awareness initiatives increasingly identify deepfakes as an emerging threat that individuals and organisations must learn to recognise.

What Are Deepfakes?

The term deepfake combines "deep learning," a form of artificial intelligence, and "fake." Deepfake technology uses AI algorithms to analyse photographs, videos, or voice recordings of a person and generate realistic content that mimics their appearance, facial expressions, mannerisms, or voice.

For example, a criminal may collect video clips of a company director from social media, analyse their voice and appearance, and then create a convincing video instructing an employee to transfer money to a fraudulent account. To the untrained eye, the video may appear authentic.

As AI technology continues to improve, distinguishing between real and fake content is becoming increasingly difficult. Cybersecurity awareness resources identify deepfakes as a growing tool used to spread misinformation, impersonate individuals, and facilitate fraud.

How Criminals Use Deepfakes

1. Financial Fraud

One of the fastest-growing uses of deepfakes is financial fraud. Criminals can create audio or video recordings that appear to come from trusted individuals, such as executives, managers, family members, or Government officials.
For example, an employee may receive what appears to be an urgent video call from a senior executive instructing them to make a payment. Believing the request is legitimate, the employee may transfer funds before verifying its authenticity.

2. Social Engineering Attacks

Deepfakes are increasingly being used in social engineering attacks. Social engineering relies on deception and trust rather than technical hacking methods.

Criminals may use AI-generated voices to impersonate relatives in distress, claiming they have been involved in an accident or emergency and need money immediately. Such scams exploit human emotions and can be highly effective because the victim hears a familiar voice.

3. Spreading Misinformation

Deepfake videos can be used to spread false information about public figures, organisations, or events. A fabricated video may show a leader making controversial statements or an organisation announcing false information.

Such misinformation can damage reputations, influence public opinion, and create confusion, particularly when shared widely on social media before it can be verified.

4. Identity Theft and Reputation Damage

Criminals may create fake videos or images portraying individuals engaging in activities in which they never participated. These deepfakes can be used for blackmail, extortion, or reputational harm.

Professionals, public figures, and executives are particularly vulnerable because significant amounts of their information, photographs, and videos may already be available online. Cybersecurity experts continue to emphasise the importance of operational security and limiting unnecessary public exposure.

Why Deepfakes Are Dangerous

The greatest danger posed by deepfakes is that they challenge our traditional ability to trust what we see and hear.

Historically, a video recording or voice message served as strong evidence that an event occurred. Today, AI can generate realistic content in



minutes. As a result, individuals and organisations may struggle to determine whether information is genuine.

Deepfakes can lead to financial losses, reputational damage, emotional distress, and the erosion of trust in digital communications. As AI-powered threats continue to evolve, organisations are increasingly incorporating deepfake awareness into cybersecurity training programmes.

How to Protect Yourself

While deepfakes are becoming more sophisticated, there are several practical steps that individuals can take to protect themselves.

Verify Unusual Requests

If you receive a request involving money, confidential information, or urgent action, verify it through another communication channel. If a manager calls requesting an urgent transfer, contact them directly using a trusted phone number before taking any action.

Be Sceptical of Emotional Pressure
Many scams succeed because criminals create a sense of urgency, fear, or excitement. Take time to think critically before responding to unexpected requests, even when they appear to come from someone you know.

Examine Content Carefully

Look for signs that videos or audio recordings may have been manipulated. Unnatural facial movements, unusual speech patterns, inconsistent lighting, or distorted images can sometimes indicate AI-generated content.

Limit Personal Information Online

The more information criminals can gather about you, the easier it becomes for them to create convincing deepfakes. Consider restricting access to personal photographs, videos, travel details, and other sensitive information shared online.

Stay Informed

Cyber threats evolve rapidly. Regularly educating yourself about emerging scams and cybersecurity risks can significantly improve your ability to recognise and avoid deception.

Building a Deepfake-Aware Society

Technology alone cannot solve the deepfake problem. Public awareness, critical thinking, and responsible digital behaviour remain essential.

Governments, organisations, schools, and individuals all have a role to play in building resilience against AI-enabled deception. By understanding how deepfakes work and adopting good cybersecurity practices, we can reduce the effectiveness of these attacks and protect ourselves, our communities, and our institutions.

Conclusion

Deepfakes represent one of the most significant cybersecurity challenges of the AI era. These convincing AI-generated videos, images, and voice recordings are increasingly being used by criminals to commit fraud, spread misinformation, and manipulate victims.

The good news is that awareness remains one of the strongest defences. By verifying unusual requests, thinking critically about online content, and protecting personal information, individuals can significantly reduce their risk of becoming victims of deepfake-enabled scams. In an age where seeing is no longer always believing, digital vigilance has become more important than ever.

> **Cyber threats evolve rapidly. Regularly educating yourself about emerging scams and cybersecurity risks can significantly improve your ability to recognise and avoid deception.**

The author is Assistant Director - IT Security, Executive Department

LEADERSHIP IS ABOUT INSPIRING OTHERS TO ACHIEVE A COMMON GOAL; BUT IS IT BETTER FOR A LEADER TO BE FEARED OR TO BE LOVED?

By Musapenda J. Phiri



Introduction

Few leadership questions have generated as much debate as whether a leader should be feared or loved. Although Niccolò Machiavelli argued in his book, 'The Prince,' that if a leader cannot be both, "it is safer to be feared than loved," modern leadership theory increasingly emphasises trust, emotional intelligence, and mutual respect as the foundations of sustainable leadership.

Leadership is the ability to influence, motivate, and guide individuals or groups toward achieving shared goals. It is not limited to people in positions of authority; anyone can demonstrate leadership through their actions, decisions, and ability to inspire others. Effective leadership is essential in corporate organisations, schools, communities, and families because it fosters cooperation, innovation, and success.

The Importance of Leadership

Strong leadership provides direction and purpose. Leaders help organisations and teams establish clear goals, make informed decisions, and overcome challenges. They create environments where people feel valued, motivated, and empowered to contribute their best efforts. Good leadership also promotes trust, accountability, collaboration, and teamwork, all of which are essential for long-term success.

Qualities of an Effective Leader

Successful leaders generally possess several important qualities, including:

- Integrity: Being honest, ethical, and consistent in words and actions.
- Communication Skills: Clearly expressing ideas while actively listening to others.
- Vision: Having a clear understanding of future goals and inspiring others to work toward them.
- Confidence: Making decisions with courage while remaining open to constructive feedback.
- Empathy: Understanding and respecting the feelings and perspectives of others.
- Adaptability: Responding effectively to changing circumstances and challenges.

These qualities enable leaders to inspire confidence and guide their teams through both success and adversity.

Leadership Styles

Different situations require different leadership approaches. Some common leadership styles include:

- Democratic Leadership: A leader encourages team members to participate in decision-making. While this approach promotes inclusion and shared ownership, it can sometimes allow more vocal individuals to exert greater



influence if discussions are not effectively managed.

- Autocratic Leadership: The leader makes decisions independently. This style can be effective during emergencies or crises where quick decisions are essential, although it may limit collaboration and reduce team engagement if used excessively.

- Transformational Leadership: This style inspires people through a compelling shared vision while encouraging personal and professional growth. It requires leaders who are strategic thinkers, capable of uniting diverse individuals behind ambitious and meaningful goals.

- Servant Leadership: This approach prioritises serving and developing others before personal interests. It is increasingly recognised in education, healthcare, public service, and community leadership, where empowering others is considered a leader's primary responsibility.

An effective leader understands when to apply each style depending on the needs of the team, the organisation, and the circumstances.

Challenges of Leadership

Leadership comes with significant responsibilities and challenges. Leaders often face difficult decisions, conflicts among team members, resistance to change, and pressure to deliver results. Successfully navigating these challenges requires patience, resilience, sound judgment, emotional intelligence, and a willingness to learn from experience.

Is It Better for a Leader to Be Feared or to Be Loved?

Leadership is fundamentally about influencing people to achieve common goals. A long-standing question is whether it is better for a leader to be feared or loved. While both approaches can produce results under certain circumstances, being respected and genuinely appreciated is generally more effective for long-term success. A leader who is respected and valued earns trust, loyalty, and commitment from followers. Employees and team members are more willing to cooperate, share ideas, accept responsibility, and strive for excellence when they feel appreciated and fairly treated. Such leaders cultivate positive relationships, encourage teamwork, and create environments where innovation and continuous improvement can flourish.

By contrast, a leader who is feared may achieve immediate obedience because people seek to avoid punishment or negative consequences. This approach may be necessary during emergencies, military operations, or situations requiring urgent action where hesitation could have serious consequences. However, leadership based primarily on fear often creates anxiety, resentment, low morale, and reduced creativity. Over time, people may become disengaged, reluctant to share ideas, and less willing to take initiative, weakening organisational performance.

Importantly, respect should not be confused with fear. Fear compels people to comply because of potential consequences, whereas respect motivates people to contribute willingly because they trust the leader's judgment, competence, and character. Leaders who cultivate respect are more likely to inspire innovation, loyalty, resilience, and sustained commitment, especially during periods of uncertainty and change.

The most effective leaders therefore balance authority with compassion. They maintain discipline, uphold accountability, and make difficult decisions when necessary, while consistently treating people with fairness, dignity, empathy, and respect. Such leaders are decisive without being authoritarian, confident without being arrogant, and approachable without compromising standards.

Developing Leadership Skills

Leadership is not an in-born trait reserved for a select few; it can be developed through education, practical experience, mentorship, and self-reflection. Individuals can strengthen their leadership abilities by setting a positive example, seeking constructive feedback, building meaningful relationships, improving communication skills, embracing life-long learning, and demonstrating integrity in everyday actions. Continuous personal growth remains one of the defining characteristics of effective leadership.

Conclusion

Leadership is far more than holding a position of authority; it is about positively influencing others to achieve meaningful goals. Effective leaders inspire trust, encourage collaboration, and guide people through challenges with integrity, wisdom, and vision. As organisations and societies continue to evolve in an increasingly complex world, strong leadership will remain essential for promoting innovation, resilience, and sustainable success.

While fear may secure immediate compliance in exceptional situations, it rarely fosters lasting commitment or inspires people to perform at their highest potential. Leaders who combine integrity, fairness, empathy, accountability, and courage earn genuine respect and trust from those they lead. Ultimately, the most successful leaders are those who inspire people not because they fear the consequences of failure, but because they believe in the leader's vision, values, and commitment to the common good. Such leadership creates stronger organisations, more cohesive communities, and a brighter future for everyone.

The author is Assistant Director - Regional Office

PAUSE & THINK

How to solve the Adding Madness puzzle

The numbers in the yellow fields are the totals the rows and the columns. The numbers in the white fields are not in the correct place. You have to put the numbers in the correct place, in the way that the sums of the columns and rows equaks the number in the yellow fields.

Good Luck!

	12	28	12	24	
19	2	5	3	2	19
18	1	8	8	4	18
22	3	5	5	6	22
17	2	7	9	6	17
	12	28	12	24	

Your solution:

	12	28	12	24	
19	2				19
18		8			18
22			5		22
17					17
	12	28	12	24	

Source: www.edu-games.org

PREVENTIVE HEALTHCARE AND EMPLOYEE PRODUCTIVITY: A STRATEGIC IMPERATIVE FOR INSTITUTIONAL EXCELLENCE

By Lilian Ndabala



In today's fast-paced and highly demanding professional environment, preventive healthcare has become a critical determinant of employee productivity and organisational success. For institutions such as the Bank of Zambia, where efficiency, precision, sound judgment, and policy responsiveness are essential, employee wellbeing is no longer merely a personal concern but a strategic institutional priority.

Preventive healthcare refers to measures taken to prevent illness before it occurs through routine medical checkups, healthy lifestyles, stress management, early screening, and mental health support. According to the World Health Organisation, approximately 12 billion working days are lost globally every year due to depression and anxiety, costing the global economy nearly US$1 trillion in lost productivity. These statistics demonstrate a direct relationship between employee health and workplace performance.

In Zambia, non-communicable diseases such as hypertension, diabetes, cardiovascular diseases, and stress-related illnesses are increasingly affecting the working population. The WHO identifies unhealthy diets, physical inactivity, stress, obesity, and inadequate health monitoring as major contributors to these conditions. For office-based professionals, prolonged sitting hours, demanding schedules, and work-related pressure increase vulnerability to these health risks.

> **"In Zambia, non-communicable diseases such as hypertension, diabetes, cardiovascular diseases, and stress-related illnesses are increasingly affecting the working population."**

For the Bank of Zambia, the implications are significant. A workforce experiencing fatigue, stress, burnout, or chronic illness may face reduced concentration, lower morale, increased absenteeism, and diminished productivity. Conversely, healthy employees are more likely to demonstrate innovation, resilience, teamwork, and high-quality decision-making. In a financial institution where operational accuracy and strategic thinking are vital, employee wellness directly supports institutional effectiveness and national economic stability.

Mental health has equally emerged as a key workplace issue. The WHO estimates that 15% of working-age adults globally live with a mental disorder. This highlights the need for organisations to promote psychological wellbeing through supportive work environments, stress management initiatives, and employee wellness programs.

The key lesson for institutions is clear: prevention is more cost-effective than treatment. Investing in preventive healthcare reduces long-term medical costs, improves employee engagement, strengthens productivity, and enhances organisational sustainability. Therefore, promoting a culture of wellness through regular health screenings, physical activity, mental health awareness, and work-life balance should be regarded as a strategic investment in human capital.

Ultimately, a healthy workforce is indispensable to institutional excellence. For the Bank of Zambia, preventive healthcare is not only a health matter but also a productivity and performance imperative that contributes to the institution's broader mission of supporting Zambia's economic development.

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The author is Assistant Manager - Health Services, Human Resources Department

CAN WE JUST LIVE?

By Zelipa Mitti



There was a time when you could do something simply because you enjoy it. You could go for a run because the weather was nice. You could read a book because the story looked interesting. You could spend an entire Sunday doing absolutely nothing productive and not feel like you had somehow wasted the day. I miss that. Everywhere you look today, someone is trying to sell you a system. There is a five to ten step morning routine. They tell us there is a right way to drink water, to make coffee, to plan your week and, apparently, even the right way to rest. One wonders at one point living became a project.

Take running as an example. You used to be able to put your shoes on and run. Now, before you have even left the house, you are thinking about your pace, your distance, your heart rate, and your calories. You come home and check the numbers. You compare them with last week's numbers. You share them with friends. The run is no longer just a run.

Reading, which is one of the few things that allows us to slow down, has somehow become another thing to keep score of. You used to pick up a book and disappear into it but now if you read a book, there is a target. Ten books this year. Twenty books. Fifty. Then you post about it or add it to your reading app so there is evidence that you did it.

We want to know what tangible benefit we are getting out of everything we do. We have somehow convinced ourselves that if we can just find the right "hack", we can finally get life right. Get eight hours of sleep. Wake up at 5am. Meditate for ten minutes. Exercise for thirty minutes. Read twenty pages. Drink two litres of water. Journal. Plan your day. Don't look at your phone. Okay look at your phone but only for 10 minutes every hour. Do deep work. Take strategic breaks. Build a side hustle. Oh, and remember to be grateful for all of it. By 8am, you have already fallen behind. Exhausting.

Having a hobby is not enough anymore, you are constantly trying to improve it. You are not just reading because you enjoy a good story, you are building a reading habit. You are not going for a walk because it feels nice outside, you are getting your daily steps. Why does every part of your life have to justify its existence?

Here's my controversial take: not everything needs to be productive.

What happened to doing something simply because you want to? Read a book because the cover caught your attention. Watch trash TV because you are tired and it makes you laugh. Buy a notebook and write in it without turning it into a five-year plan. Learn something without turning it into a new career path. We have become so accustomed to measuring ourselves that doing something without recording our progress feels like a waste of time. You can see it in the language we use. We want to optimise our sleep or maximise our workout. We don't just want to have a good day, we want to have a productive day. There is always another metric to chase. There is also something deeply ironic about the amount of effort we put into trying to save time. We have apps to help us organise our apps. Systems to help us manage our systems. Techniques for deciding which tasks deserve our attention. We spend hours learning how to become more efficient before we even get to the work we set out to do in the first place.

I am not suggesting that we should abandon systems that help us function. Setting goals helps you get where you want to go. It feels good to tick a box or look at a graph and realise that you have improved. But maybe you are not supposed to turn every interest into a goal. Maybe you can read three books this year and enjoy all three of them. Maybe you can exercise because you like moving your body, not because you are chasing a number on your smartwatch. Not everything meaningful can be tracked. How do you measure a conversation with a long-time friend? A meal with a loved one that lasts longer than you planned? A song you fall in love with on the first listen? Or simply sitting outside and watching a sunset. Some of the best parts of being alive are completely useless from a productivity standpoint.

I am not against goals. I am not against discipline, routines or trying to improve yourself. There are things worth working towards, and sometimes a good system genuinely makes life better. I do, however, believe that we should leave room for things that have no purpose beyond the fact that we enjoy them. We do not have to maximise every day. We do not have to squeeze every drop of potential out of ourselves. We do not have to turn every moment into an opportunity for self-improvement. Sometimes, just live.



The author is Web Editor, Executive Department

PHOTO FOCUS

62ND SADC COMMITTE OF THE CENTRAL BANK GOVERNERS MEETINGS









ESG AND GREEN FINANCE WORKSHOP













Bank *of* Zambia

Public Notice

ADJUSTMENTS IN THE GOVERNMENT SECURITIES MARKET

The Bank of Zambia, as fiscal agent of the Government of the Republic of Zambia in the issuance of Government securities, wishes to announce to the general public the developments and adjustments in the Government Securities market. These measures are aimed at promoting the growth and development of the Government securities market.

1. Introduction of New Benchmark Bonds

Effective April 2026, the 5-, 7-, 10- and 15-year Government bonds will be designated benchmark status. While the 5-year Government bond retains the status of a benchmark bond, it will no longer be issued for the rest of 2026 as its critical mass has already been reached. The 3-year Government bond will no longer hold benchmark status. To this effect, the 2-year and 3-year Government bonds will be issued and designated as non-benchmark bonds. Benchmark bonds serve as reference points for pricing other bonds and financial instruments with similar maturities.

The minimum target size for each benchmark bond is set at K10.0 billion. This means that the minimum outstanding face value amount on each of the benchmark instrument will be grown overtime to K10.0 billion. To achieve this target, Bank of Zambia will commence the reopening of benchmark bonds in April 2026.

2. Revised Auction Frequency

In the second quarter of 2026, the auction frequency for Government bonds will change to twice per quarter from once per month. Treasury bill auctions will continue to be conducted every fortnight. The Bank of Zambia will continue to publish quarterly auction calendars to provide advance notice of the auction dates.

3. Auction Sizes

In the second quarter of 2026, the auction size for Government bonds will be K6.3 billion while that for Treasury bills will be maintained at K2.2 billion. These auction sizes are in line with the Government of the Republic of Zambia's 2026 Annual Borrowing Plan.

4. Introduction of Liability Management Operations

Government will introduce Liability Management Operations in quarter two of 2026 to enhance liquidity in the benchmark bonds and smoothen the maturity profile of Government securities. These operations will provide an opportunity to holders of selected bonds to redeem their securities before maturity in exchange for benchmark bonds. The Bank of Zambia shall announce in June the effective date and modalities of these operations.

For further clarification, you may contact the following:

ASSISTANT DIRECTOR – COMMUNICATIONS
Bank of Zambia
P O Box 30080
LUSAKA
www.boz.zm
Email. info@boz.zm

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www.boz.zm

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

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Bank of Zambia

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