



BANK OF ZAMBIA

Press Statement

Allegations that BoZ is implementing Foreign Exchange Controls

The Bank of Zambia (BoZ) wishes to dispel assertions in the media that it is implementing foreign exchange controls which restrict the amount of foreign exchange a customer may purchase from their bank and consequently leading to fuel shortages.

The BoZ does not restrict the quantity of foreign exchange clients can purchase from their banks. Under the current foreign exchange market arrangements, commercial banks are designated as authorised dealers through the Interbank Foreign Exchange Market (IFEM) system. Bureaux de Change are also allowed to deal in retail cash transactions with customers.

Under the IFEM, the role of the Bank is to intervene by buying and/or selling foreign exchange in order to support the market in events of adverse exchange rate movements, which typically arise with material mismatches in demand and supply. This is achieved by BoZ directly transacting with local commercial banks, who have all been designated as Authorised Dealers. On a daily basis, the BoZ monitors foreign exchange market pressure points and constantly liaises with commercial banks in order to moderate exchange rate volatility.

In turn, commercial banks deal directly with their respective clients in order to satisfy their foreign exchange requirements.

However, there is a limit of US\$5,000 for over-the-counter daily cash withdrawals at commercial banks and a limit of US\$1,000 cash transaction amount per customer at Bureaux de change. These limits are primarily for monitoring purposes meant to enhance the Know-Your-Customer protocols within the financial system and are consistent with the international protocols relating to internationally agreed regulations aimed at countering money laundering and the financing of terrorism.

It is therefore not true that the Bank is pursuing any regulations intended to restrict the flow of foreign exchange in the country. To the contrary, the BoZ has continued to support the foreign exchange market during the current period when supply has been constrained due to the economic challenges being faced by the Zambian economy and the global economy – especially in the wake of the COVID-19 pandemic.

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