



Tel. 228888/228903-20

BANK OF ZAMBIA

P.O. Box 30080 Lusaka
10101

5 May 1998

CB Circular No. 3/98

To : All Commercial Banks and Financial Institutions

Dear Sirs

PAYMENT OF SUPERVISORY FEES

IN EXERCISE of the powers contained in section fifty-seven of the Bank of Zambia Act, No. 43 of 1996 as read with sections fifty-five and sixty, the following Directives which take effect on 1 July 1998 are hereby made:

Title

1. These Directives may be cited as the Bank of Zambia (Payment of Supervision Fees) Directives, 1998.

Interpretation

2. In these Directives, unless the context otherwise requires,

BANK means the Bank of Zambia;

ACT means the Bank of Zambia Act, No. 43 of 1996;

SUPERVISORY FEES means the total of the direct and indirect expenses of the Bank of Zambia related to the carrying out of its supervisory responsibilities under the Bank of Zambia Act, 1996 and the Banking and Financial Services Act, 1994. This includes all expenses which, in the opinion of the Bank, are necessary to the proper functioning and administration of its supervisory responsibilities;

Application

3. These Directives shall apply to all banks and financial institutions licenced under the Banking and Financial Services Act, of 1994.

Minimum Assessment

4. Each bank or financial institution licensed under the Act shall pay a minimum assessment of K 10 million per annum or such other amount as may be from time to time prescribed by the Bank.

5. Method of Assessment

Assessments to banks and financial institutions shall be computed in the manner outlined below:

- (a) Classify the banks and financial institutions into:-
 - (i) Commercial Banks
 - (ii) All deposit taking Leasing Companies as well as other financial institutions including those issuing debentures and building or mutual society shares having characteristics identical or similar to those of deposits
 - (iii) Micro-finance institutions that mobilise voluntary savings for purposes of on lending and are relatively small scale financial or common bond institutions small enough that all members know each other.
 - (iv) Non-deposit taking financial institutions offering credit services, venture capital funding, and other financial services as defined under section 2(1) of the Banking and Financial Services Act, of 1994 shall pay the minimum fee as prescribed in 4 above
- (b) Determine the amount of average deposit liabilities of a bank or financial institution to the public in the preceding year. Such average shall be a simple 12 months average for the period immediately preceding the date of determination of the fees and multiply by 0.2% to arrive at the appropriate fee.

Manner of Payment

6. Any assessment fee in terms of these regulations shall be paid upon receipt of a fee note and such payment shall be by certified cheque or by debit to an account held by the Bank, or by postal order or money order made out in favour of the Bank;

Provided that if such fee is delivered by hand it may be paid in cash and the fees paid with respect to this Directive shall not be refundable.

7. A bank or financial institution which fails to pay the full amount of the supervisory fees within the period allowed for payment thereof shall, in addition to such fees, pay for each month or part of a month during which the supervisory fees remain unpaid, a penalty calculated at the current 28 days treasury bill rate on the amount of the supervisory fees outstanding, and reckoned from the final date allowed for the payment of such supervisory fees.

General

8. All fees and penalties collected under this regulation shall accrue for the benefit of the Bank.
9. The Bank may, under exceptional circumstances, with its prior written approval and under such terms and conditions as it may consider necessary, vary the amount of supervisory fees levied for any class or classes of institutions in 5 (a) above.

Yours faithfully



Dr Abraham Mwenda
DEPUTY GOVERNOR - OPERATIONS