



Bank of Zambia

P.O. Box 30080, LUSAKA
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Tel. 228888/ 228903-20

September 22, 2000

CB Circular No 7/2000

TO ALL COMMERCIAL BANKS

Dear Sirs

FOREIGN EXCHANGE EXPOSURE SURVEY AS AT 31 AUGUST 2000

The Bank of Zambia is in the process of carrying out a survey to establish the levels of exposures the banks have on the foreign exchange holdings.

In view of the above we are sending you our questionnaire, which we expect, banks to submit by Monday 9, October 2000. Our officers will be calling on you to verify and seek clarifications on the responses to the questionnaire thereafter.

Your co-operation with our officers will be appreciated.

Yours faithfully

Dr Abraham Mwenda
DEPUTY GOVERNOR - OPERATIONS

BANK OF ZAMBIA QUESTIONNAIRE ON FOREIGN EXCHANGE RISK IN COMMERCIAL BANKS

PURPOSE

This questionnaire is intended to extract information on each bank's foreign denominated assets and liabilities in order to help banks identify and find ways to effectively control/lessen the risks associated with these items.

Therefore, it is important that the information requested for is forwarded accurately and within the stipulated time period in order for us to provide the banks with the information on the industry trend and our recommendations.

Section A

1. Name of Bank.....
2. Give a brief overview of all the banks foreign exchange activities undertaken by your bank and how they are reported in the financial statements, to management and the Bank of Zambia.....
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3. Are the bank's foreign exchange transactions centralized or decentralized to branches?
4. If they are decentralized, what control measures do you have in place?.....
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5. What are the total outstanding balances as at 31.08.2000
Balances with banks abroad.....
Balances due to banks abroad.....
Customer Foreign denominated deposits.....
Any foreign denominated loans/advances.....
Any foreign denominated off-balance sheet items.....

6. Tabulate all the correspondent banks that your bank deals with indicating the total outstanding amounts and state whether they are investment, working balance accounts and any other

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7. State the nature of each account and its conditions of operating

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8. Are there any dormant/unclaimed foreign currency accounts of the bank?
If so, list them and indicate the outstanding balances.....

SECTION B

1. In accordance with the risk management plans submitted to Bank of Zambia annually, how often are these reviewed and by whom?

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2. How often are reports on foreign exchange operations submitted to the board?

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3. What reports are generated in relation to foreign exchange operations and their frequency

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4. Profile of the personnel in the foreign exchange division –kindly include their experience.....

NB. You can use separate sheets of paper to answer the above questions. However, please ensure that you clearly mark the responses with the corresponding question numbers.

NOTES TO THE QUESTIONNAIRE

- Section A deals with the general overview of the foreign exchange activities a bank is involved in. It further seeks to shed more light on the balances held and the terms that pertain to each account.
- Section B has much to do with establishing whether the bank has policies/strategies in place which effectively address the risks associated with foreign exchange operations and the qualifications of the personnel dealing with the department