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BANK OF ZAMBIA
P.O. BOX 30080
Lusaka
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November 30, 2000

CB Circular No. 8/2000

To : All Commercial Banks and Financial Institutions

Dear Sirs

SUBMISSION OF YEARLY STRATEGIC BUSINESS PLANS

In its pursuit of ensuring the effective supervision of licensed banks and financial institutions, the Bank of Zambia will, effective 1 January 2000, require all banks and financial institutions to submit their yearly strategic business plans.

The Bank of Zambia is cognisant of the constant and beneficial changes in technologies, products and transactions characteristic of the banking and financial services industry, both domestically and internationally, and fully endorses these changes. Of concern to Bank of Zambia is that the banking and financial services industry in Zambia have a thorough understanding of the risk implications of these new developments, particularly so at both board of directors and management levels and the requisite capabilities to manage these developments.

Further, each bank or financial institution is unique with respect to its business characteristic, operational and risk profile and as such needs to be supervised and monitored in accordance with its own internally devised risk management plans and strategies.

In this regard, the strategic business plans should detail the institution's business objectives. At a minimum, the yearly strategic business plans should:

1. Outline the mission statement and strategic objectives
2. Cover the business lines that a bank or financial institution plans to pursue in the coming year(s) and how it proposes to gain a sustainable competitive advantage on each line of business;

3. Highlight the risks the bank or financial institution may face in the pursuance of its plans and how it will manage the identified risks;
4. Identify its target markets and detail any plans for market development;
5. Outline the main competencies available to the bank or financial institution to realise its plans, and;
6. Provide financial forecasts consistent with the strategic plans.

The yearly strategic business plans shall be due for submission by the close of business on the tenth (10) working day of the month of January annually. Therefore, the yearly strategic business plans for 2001 shall be due by 15 January 2001.

Please note that a penalty of K100,000 (one hundred thousand kwacha) will be incurred per day or any part thereof for delayed submissions.

Yours faithfully



Dr Abraham Mwenda
DEPUTY GOVERNOR - OPERATIONS