



BANK of ZAMBIA

DEPUTY GOVERNOR - OPERATIONS

June 5, 2013

CB Circular No. 11/2013

TO : All Financial Institutions

PHASING OUT OF CROSS-BORDER CHEQUES AND DRAFTS WITHIN COMMON MONETARY AREA (CMA) COUNTRIES OF LESOTHO, SWAZILAND, SOUTH AFRICA AND NAMIBIA

Kindly take note that the Payments Association of South Africa (PASA) has announced that with effect from 22 July, 2013 no cross border cheques or Rand (ZAR) drafts will be accepted as a means of payment across countries in the Common Monetary Area (CMA). "This means that customers in these countries will not be able to use paper based instruments like cheques and drafts issued by a bank in one of these countries, when paying for goods and services purchased from another of the CMA countries (Lesotho, Swaziland, South Africa and Namibia).

This change has been necessitated by the increasing availability of suitable electronic payment alternatives for cross-border payments and money transfers, a low usage of such paper instruments, the high inherent risk and the inefficiency of such instruments.

As the Southern African region under the auspices of SADC will be implementing the SADC Integrated Settlement System (SIRESS), cross boarder paper based instruments will eventually cease to be use in the whole region.

All financial institutions in Zambia should ensure that they cease to issue such paper based instruments to their customers as these instruments will not be accepted after 22 July, 2013 in the CMA countries. All Financial institutions should ensure that they offer alternative payment mechanism to their customers.

Kindly advise your customers accordingly.

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DEPUTY GOVERNOR - OPERATIONS

Cc Governor
Deputy Governor – Administration
Acting Director – Bank Supervision
Acting Director – Banking, Currency & Payment Systems
Acting Director – Non-Banks Financial Institutions Supervision