



2024 - 2027 STRATEGIC PLAN



Bank of Zambia

PROMOTING INCLUSIVE AND SUSTAINABLE DEVELOPMENT IN A DIGITALISED WORLD

REGISTERED OFFICES

Head Office

Bank Square, Cairo Road
P. O. Box 30080, Lusaka, 10101, Zambia
Tel: (+260)211399300
E-mail: info@boz.zm
Website: www.boz.zm

Regional Office

Buteko Avenue,
P.O. Box 71511, Ndola, Zambia
Tel: (+260)212399600
E-mail: info@boz.zm
Website: www.boz.zm



Bank of Zambia

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LIST OF ACRONYMS

DFS	Digital Financial Services
EFT	Electronic Funds Transfer
eKYC	electronic Know Your Customer
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
FINCIRT	Financial Cyber Incident Response Team
FSP	Financial Service Provider
GMRA	Global Master Repurchase Agreement
INRIS	Intergrated National Registration Information System
ISDA	International Swaps and Derivatives Association
NGFS	Network For Greening the Financial System
RTGS	Real Time Gross Settlement
SOC	Security Operations Centre
SupTech	Supervisory Technology
ZIPSS	Zambia Interbank Payment and Settlement System



Message from the Governor

I am pleased to launch the Bank of Zambia Strategic Plan for the period 2024 – 2027. This Plan has four focus areas, namely, Price Stability, Financial Stability, Financial Inclusion, and Organisational Resilience and Growth. These focus areas are directed at addressing the key challenges and opportunities in the operating environment.

As the economy is recovering from the adverse effects of the COVID-19 pandemic, new challenges have emerged. These include the effects of climate change, cyber risks, ongoing geopolitical tensions, and the debt overhang. These challenges pose threats to the financial sector and sustained economic growth. In this dynamic and complex environment, the Bank has developed a Strategic Plan that will guide it towards sustainable stable prices and financial system, as well as enhanced financial inclusion. The Strategic Plan also sets clear targets to foster internal organisational resilience and growth.

As indicated the Plan is built on four focus areas:

Price Stability: In our unwavering commitment to achieve and maintain stable prices, we will deepen the inter-bank money market to enhance the transmission mechanism of monetary policy and improve our data collection capabilities.

Financial Stability: A robust financial system is the lifeline of a healthy economy. To promote financial stability, we will strengthen our supervisory framework by amongst others, entrenching ESG practices, improving cyber risk management and adopting modern technologies.

Financial Inclusion: Every citizen deserves access to financial services. We will champion financial inclusion, promote access to finance for underserved and unserved communities. We will also influence the adoption of housing finance products by financial service providers. Further, the Bank will promote safety and efficiency in the financial system by leveraging technology.

Organisational Resilience and Growth: We recognize that our people are our biggest asset and therefore we will strengthen our human capital management and embed an organisational culture based on our Values. To promote operational efficiency, we will review and streamline internal processes and practices.

Consistent with the established focus areas and leveraging the progress attained in the preceding Strategic Plan, we have adopted the theme ***“Promoting Inclusive and Sustainable Development in a Digitalised World”*** for this Strategic Plan. By the end of the plan period, it is anticipated that substantial accomplishments will have been made in extending financial services to the unbanked and

underbanked sectors of the population as well as embedding sustainability considerations in the pursuit of the Bank’s mandate. We will leverage ICTs and digitalisation to achieve these goals.

The road ahead will not be without hurdles. Global uncertainties and unforeseen challenges may test our resolve. However, this Plan gives us the agility and ability to navigate these uncertainties. We will remain data-driven, continuously monitoring economic trends, and adjusting our policy stance accordingly. We will be transparent and communicate our decisions openly and engage in constructive dialogue with stakeholders.

This Plan underscores our commitment to serving the people of Zambia through delivering on our mandate. It has been formulated after wide consultation with internal and external stakeholders. By collaborating in this way, we sought to demonstrate our commitment to the belief that true success can only be achieved through shared vision and collective effort.

Finally, I would like to thank everyone who contributed to the successful development of this Strategic Plan. Together, let us build a resilient, inclusive, and prosperous Zambia.



A handwritten signature in dark ink, appearing to read 'Denny', positioned above the printed name of the Governor.

Dr Denny H. Kalyalya
Governor



Vision, Mission, Functions

VISION

“To be a dynamic and credible central bank that contributes to the sustainable economic development of Zambia.”

The overall goal of the Bank is to formulate and implement monetary and supervisory policies in a dynamic and credible manner to contribute to the sustainable economic development of Zambia. Being dynamic means the Bank will be vibrant and responsive to changes in the operating environment. The Bank will also endeavour to be credible, meaning that it will engender confidence and trust among its stakeholders in discharging its mandate. In pursuit of sustainable economic development, the Bank will employ strategies aimed at meeting the needs of the present without compromising the needs of future generations.

MISSION

“To achieve and maintain price and financial system stability to foster sustainable and inclusive economic development.”

The Mission of the Bank is drawn from Article 213 of the Constitution (Amendment) Act No. 2 of 2016 and Section 5 of the Bank of Zambia Act, 2022, and it is anchored on the key responsibilities of price and financial system stability.

The Bank will take into account sustainability considerations in its activities. Sustainable economic development is the process of development which does not come at the expense of both the current and future potential for meeting human needs. Inclusive economic development means undertaking measures that do not exclude or leave out any member of our society.

FUNCTIONS

The functions of the Bank, as prescribed by Article 213 of the Constitution, are to:

- (a) issue the currency of the Republic;
- (b) determine monetary policy; and
- (c) regulate banking and financial services, banks, financial and non-banking institutions, as prescribed.

Additional functions of the Bank are prescribed under Section 5 of the Bank of Zambia Act No. 5 of 2022, accessible at this link: [Bank of Zambia Act 2022](#).



Values

Our Values, commonly referred to as “The BoZ Way”, is summarised by the acronym “ACTIONE”, which stands for:



Accountability

We will take responsibility for the decisions and actions that we take.



Equity

We will be fair in all our dealings.



Commitment to Excellence

We will always identify, agree, and meet the requirements of both internal and external stakeholders and honour the commitments we make efficiently and to the highest quality standards.



New ideas

We will be innovative and open to new ideas and develop for ourselves and our colleagues the skills to meet current and future challenges.



Timeliness

We will always be on time in attending to Bank business.



Objectives

We will set ourselves challenging specific, measurable, achievable, realistic, and time bound (SMART) objectives and will work diligently towards achieving them.



Integrity

We will be honest, transparent, professional, and sincere in all our dealings.



Environmental Setting

An environmental assessment was conducted which revealed key factors affecting the Bank. The Bank's strategic direction was informed by its Vision, Mission and the results of the environmental assessment. Below are the key factors identified during the environmental assessment.

STRENGTHS

1. Qualified, skilled, and diverse staff.
2. Enabling legal framework.
3. Credibility with stakeholders.
4. Effective governance system, policies, procedures, and internal controls.

INTERNAL CHALLENGES

1. Manual processes in some key operations.
2. Overdependence on external vendors to support core systems and infrastructure.
3. Low investment in leadership skills development.
4. Inadequate infrastructure for data management.

OPPORTUNITIES

1. Increased technological innovations.
2. Increased uptake of digital financial and innovative services .
3. Youthful population
4. Stable political and economic policy environment.
5. Increased national productivity by extending payment system operating hours.
6. Promotion of a green economy .

EXTERNAL CHALLENGES

1. Cybersecurity risks and threats .
2. Increased incidences of financial crime.
3. Global economic uncertainties.
4. Climate change risks, natural disasters and pandemics.
5. High cost of credit .
6. Unregulated crypto assets.
7. High public debt.



Strategic Direction

1.1 Enhance the Transmission Mechanism of Monetary Policy

1
Price Stability

2.1. Strengthen the Resilience of the Financial System by Adopting and Entrenching Environmental, Social, and Governance (ESG) Issues and Practices within the Bank and in the Financial Sector

2.2 Improve Data Collection, Management, and Application

2.3 Strengthen Cyber Security Resilience and Fraud Mitigation in the Financial Sector

2
Financial Stability

Strategic Direction

3.1 Leverage the Bank's Vantage Position to Influence Adoption by Financial Service Providers of Relevant Housing Finance Products

3.2 Leverage Technology to Promote Safety and Efficiency in the Financial System

3 Financial Inclusion

4.1 Improve Operational Efficiency and Effectiveness

4 Organisational Resilience and Growth



FOCUS AREA #1: PRICE STABILITY

Rationale

The Bank of Zambia Act No. 5 of 2022 places the responsibility of implementing monetary policy, directed at achieving and maintaining price stability, on the Bank. Consistent with this, the Act gives prominence to price stability over other functions. Monetary policy is implemented through the monetary policy rate, which impacts the interbank money market. A well-developed interbank money market should therefore facilitate the transmission of monetary policy in the economy. As an emerging or developing market economy, Zambia faces a number of challenges, such as market segmentation and overreliance on the banking sector as the main source of liquidity in the interbank money market. Additionally, there are legal and regulatory challenges in enforcing global legal protocols. To address these issues, the Bank will focus on enhancing the transmission mechanism of monetary policy through deepening the interbank money market. Furthermore, the Bank will undertake household and business surveys to assess the impact of monetary policy on the economy and guide policy decisions accordingly.

Strategic Initiative:

1.0 Enhance the Transmission Mechanism of Monetary Policy

What Success will Look Like/Desired Outcomes

- Increased bilateral inter-bank money market trades, as well as volumes of trades that more effectively respond to changes in the monetary policy stance given the expected reduced credit risk.
- Improved understanding of the impact of monetary policy on households and businesses.

1.1 Deepen the Interbank Money Market

The interbank money market plays a key role in the effective transmission of monetary policy, through the interest rate and credit channels. Thus, an efficient interbank money market where the interbank rates respond to adjustments in the policy rate and liquidity conditions is essential. However, currently, activity in the interbank money market is constrained by perceived counterparty credit risks among market players resulting in market segmentation.

To address market inefficiencies, the Bank will strengthen legislation to enhance the legal enforceability of the International Swaps and Derivatives Association (ISDA) Master Agreement and Global Master Repurchase Agreement (GMRA), international standard contracts that mitigate counterparty credit risk.

1.2 Undertake Household and Business Surveys to Better Assess the Impact of Monetary Policy on the Economy for more Informed Policy Decision Making

The Bank collects data to evaluate the economic conditions and forecast key economic variables, aiding in the formulation and implementation of monetary policy decisions. To assess the impact and effectiveness of monetary policy, the Bank will conduct quarterly surveys targeting households and businesses.



FOCUS AREA #2: FINANCIAL STABILITY

Rationale

The Bank's pursuit of financial stability is becoming more challenging in view of the ever-evolving operating landscape. Recent years have seen an upsurge of emerging technologies, adverse environmental changes, increased awareness and advocacy for social well-being, and the need for better governance practices.

Amidst these developments, there are risks to the financial system such as cyber threats and fraud to which the Bank as a custodian of critical financial infrastructure and sensitive monetary data is susceptible. In addition, the financial system is vulnerable to financial loss arising from the effects of environmental disasters. These challenges therefore affect the resilience of the financial system thereby impacting on stability and economic growth.

In addressing these challenges, the Bank will prioritise enhancement and development of regulatory frameworks related to environmental, social, and governance (ESG) matters. Furthermore, the Bank will take the lead in forming a Financial Cyber Incident Response Team (FIRCIRT) and crafting regulations pertaining to crypto assets and stable coins to counter cyber crime and fraudulent activities. Additionally, the Bank will strengthen its supervisory and data management capacities by implementing supervisory technology and establishing a functioning data warehouse.

Strategic Initiatives:

2.0 Strengthen the Resilience of the Financial System by Adopting and Entrenching Environmental, Social, and Governance (ESG) Issues and Practices within the Bank and in the Financial Sector

What Success will Look Like/Desired Outcomes

- Domestication of adopted recommendations from the Network for Greening the Financial System (NGFS) and other relevant international bodies
- Ability for the Bank to quantify its contribution towards mitigation of adverse environmental impacts and to enhancement of beneficial environmental impacts
- Attainment of a bank wide ESG and Green Finance awareness score of at least 50% as assessed by a post training survey
- Data for policy formulation and implementation centrally managed and stored
- Real time monitoring and access to prudential data

2.1 *Leverage the Bank's Vantage Position to Influence Adoption of ESG Best Practices by Regulated Entities*

Climate related risks can have significant adverse implications on financial stability. To mitigate the impact of these risks, the Bank will develop frameworks intended to enhance financial service providers' (FSPs) business practices on environmental, social, and governance issues. The Bank will align the frameworks to

international best practices and standards. These frameworks will incorporate aspects to enable FSPs contribute to environmental sustainability, manage the impact of their business activities on the environment, and improve risk management. FSPs will be expected to disclose and report on ESG-related matters.

2.2 *Promote Compliance to ESG Principles in the Supervisory and Regulatory Framework*

Incorporating ESG principles in the supervisory and regulatory frameworks fosters compliance with responsible business practices, risk management, and long-term sustainable development. The Bank will assess the financial sector's compliance levels to ESG regulations through offsite surveillance and onsite examinations. This will benefit the financial sector by promoting transparency, accountability, and resilience.

2.3 *Develop and Implement an Internal ESG Framework and Programme and Harmonize it with the Green Policy*

The Bank's Green Policy serves as a high-level guide for conducting environmental sustainability initiatives and addressing environmental concerns. However, this policy needs to be updated to also address broader ESG issues comprehensively. Therefore, the Bank intends to revise the green policy by integrating internationally recognized environmental management standards. Additionally, the Bank will formulate policies to strengthen social and governance aspects and establish an ESG programme that includes reporting on ESG matters.

2.4 *Develop Capacity of BoZ Staff in Green Finance and ESG*

The transition to integrating ESG in the Bank's functions requires the institution to strengthen its competences in this area. Capacity building has been identified as a catalyst and starting point for policy action on ESG. The Bank will thus facilitate customized training and awareness towards building capacity for all staff on ESG in each area of operations. The methods to achieve this will include in person training, online courses, research, and study tours. This will enable staff better assess, monitor, and manage the associated risks, thereby enhancing the stability and resilience of the financial system.

The Bank will strengthen its supervisory and data management capabilities by implementing supervisory technology and establishing a data warehouse.



3.0 Improve Data Collection, Management, and Application

What Success will Look Like/Desired Outcomes

- Data for policy formulation and implementation centrally managed and stored
- Real time monitoring and access to prudential data

3.1 Develop and Implement a Data Warehouse

The Bank currently collects data from multiple sources, which are stored in separate repositories. This fragmented approach leads to inefficient data utilisation and poses security challenges. To address these issues, the Bank plans to create a centralized data management repository, consolidating all data sources into one centralised repository that is easily accessible and efficiently run.

3.2 Implement Supervisory Technology to Digitise Reporting and Regulatory Processes

The Bank will harness technology to strengthen its regulatory and supervisory capabilities in response to the challenges posed by the increasing number of financial service providers and the advent of big data. To tackle these challenges, the Bank will adopt Supervisory Technologies (SupTech), that is, innovative use of technology by regulatory authorities to enhance their supervisory functions. It will enable the Bank to conduct more data-intensive, risk-based supervision by efficiently capturing large volumes of rapidly changing data from diverse sources, thus enhancing the supervision process. SupTech will also streamline or digitize various supervisory procedures and facilitate the utilization of advanced analytical and predictive supervisory tools.

4.0 Strengthen Cyber Security Resilience and Fraud Mitigation in the Financial Sector

What Success will Look Like/Desired Outcomes

- Improvement in the financial sector's response to cyber-attacks as evidenced by 100% visibility of cyber incidences in the financial sector
- 99.99% of possible cyber security attacks detected and prevented
- Cyber security threat intelligence received, acted upon within 24 hrs
- Enhanced ability to detect and respond to cyber threats in real time
- Development and tracking of KPIs to measure the effectiveness of cybersecurity initiatives
- Establishment of mechanism for ongoing assessment and improvement of cybersecurity practices
- Awareness of Digital Financial Services (DFS), safety tips, and related frauds increased by ten percentage points from the current 76.7 %
- Regulatory framework for crypto assets and stable coins established

4.1 Establish Financial Sector Cyber Incident Response Team (FINCIRT)

The establishment of a Financial Cyber Incident Response Team (FINCIRT) in the financial sector is of paramount importance in the evolving digital landscape, with financial service providers becoming more reliant on technology and interconnected systems resulting in increased exposure to cyber related threats. The Bank will establish a FINCIRT for prompt response to cyber incidences, minimising potential damage and facilitating quick recovery.

The FINCIRT will identify and mitigate systemic risks by halting the cascading effects that may lead to broader financial crises. It will foster collaboration and strengthen the overall cybersecurity posture of the financial sector. The establishment of a FINCIRT is a proactive and strategic measure that aligns with the evolving nature of cyber threats in the financial sector by providing a dedicated response mechanism that will contribute to the overall resilience and stability of the financial system.

4.2 *Establish a Security Operations Centre for the Bank of Zambia, Ideally, with Artificial Intelligence/Machine Learning Capabilities*

The Bank recognises the importance of implementing a Security Operations Centre (SOC) as a measure to safeguard the integrity of the financial systems, uphold public trust, and maintain the stability of the nation's economy. A SOC serves as a centralised entity within the institution dedicated to monitoring, detecting, and responding to security threats and incidents, thus shielding its digital assets from cyber attacks. Given its role as a custodian of critical financial infrastructure and sensitive monetary and financial data, the Bank stands as a prime target for cyber threats and attacks. Through the establishment of a SOC, the Bank commits to ongoing network surveillance, real-time detection and response to security incidents, and fortification against a diverse array of cyber risks, encompassing hacking, data breaches, and ransomware attacks. Such a strategic investment demonstrates a commitment to securing the financial sector, therefore, promoting economic stability and trust within the broader national and international financial community.

4.3 *Formulate and Implement a Cyber Security Strategy to Guide the Supervision of Cyber Risks Across the Financial Sector*

The global financial system is going through unprecedented digital transformation which has resulted in increased use of technology and interconnectedness of systems. This has increased the exposure of FSPs to cyber-attacks. It is imperative that FSPs institute measures to address the risk of cyber-attacks. The Bank will formulate a cyber strategy to assess the efficacy of these measures. The cyber strategy will embed robust cyber security capabilities and expertise, collaboration, and information sharing as well as comprehensive oversight in fostering the supervision of cyber risk management in the financial sector.

4.4 *Conduct Targeted Engagements with Other Regulators and Financial Service Providers to Develop and Implement an Action Plan to Reduce Fraud*

Safety and efficiency stand as fundamental pillars of digital financial services (DFS). The Bank will actively advocate for initiatives aimed at fortifying the surveillance framework for effective oversight of DFS. To this end, the Bank will engage in collaboration with key stakeholders to implement measures that enhance the integrity and stability of the financial sector while safeguarding consumers. These initiatives will necessitate regulated entities to implement advanced fraud monitoring and prevention measures. Furthermore, the Bank will lead sensitization programs to augment consumer awareness regarding DFS-related concerns.

4.5 *Develop and implement a Regulatory Framework on Crypto Assets and Stable Coins*

The Bank acknowledges the transformative potential of crypto asset technologies, including reduced transaction costs, expedited transfer of value, and the resilience of decentralized systems against single points of failure. However, these technologies also pose risks to the financial sector, including price volatility and the lack of visibility of participants and their activities to regulatory authorities. In response, the Bank will establish a regulatory framework for crypto assets based on three core principles: promoting responsible innovation, safeguarding financial stability, and advancing financial inclusion.

The transformative potential of crypto assets technology necessitates the need to develop a regulatory framework





FOCUS AREA #3: FINANCIAL INCLUSION

Rationale

Financial inclusion and affordable housing are key attributes for positive change as they have a huge impact on individuals, businesses, and the entire socio-economic landscape.

By 2020, financial inclusion had surged to 69.4%, from 59.3% in 2015¹. Additionally, by end 2022, at least 73.1%³ of households nationwide had engaged with digital financial services (DFS) at least once. Nonetheless, despite these advancements, 30.6% of the population remains excluded, with persistent disparities in rural/urban inclusion and various demographic and economic challenges persisting.

Digital financial services are poised to continue playing a pivotal role in driving financial inclusion across the country. The Bank recognises the existence of a digital divide in terms of access to digital financial services as well as inherent inefficiencies of current financial systems. To address this, the Bank will enhance access to the Real-Time Gross Settlement (RTGS) system by exploring opportunities for non-bank payment service providers to participate in the RTGS, introducing a National Quick Response (QR) code, and extending RTGS operating hours to 24/7.

Zambia has for some time been faced with a crippling housing deficit mainly due to the lack of affordable housing finance products with appropriate tenures. To this end, and in line with the Eighth National Development Plan (8NDP), the Bank will take an active role and invest significant resources to support and catalyse increased availability of housing finance products.

Strategic Initiatives:

5.0 Leverage the Bank's Vantage Position to Influence Adoption by Financial Service Providers of Relevant Housing Finance Products

What Success will Look Like/Desired Outcomes

- A reduction of at least 5% in the housing units deficit gap due to improved availability of long-term funds for mortgages and residential house loans at interest rates of at least 10 percentage points lower than the baseline
- A predictable legal framework that encourages lenders to provide mortgages and housing finance and supports efficient foreclosure of real estate used as collateral

5.1 Assess and Support the Establishment of a Housing Finance Facility/Entity

Zambia has a high and increasing housing unit deficit estimated at approximately 1.5 million housing units and is projected to reach 3 million housing units by 2030³. Despite the high demand for housing, the supply of housing is low due to unavailability of affordable long-term finance.

¹Zambia FinScope 2020 Report

²2022 ZICTA National Survey on Access and Usage of ICT by Households and Individuals

³National Housing Policy of 2020 – 24 (Ministry of Infrastructure, Housing and Urban Development)...page 9

To address the gap in housing finance, some countries with similar challenges have undertaken various interventions, such as, mortgage liquidity funds or housing finance companies, to provide wholesale long-term funds to financial service providers. These in turn provide retail housing finance to individuals to purchase, construct or improve residential houses. The Bank intends to catalyse the mobilisation of long-term funds to support the establishment of a mortgage liquidity fund in Zambia. Catalysing the housing finance sector is expected to create a multiplier effect in the economy through stimulation of economic activity in the construction and auxiliary sectors, given the inherent backward and forward linkages in the sector.

5.2 Review the Existing Legal and Regulatory Framework for Housing Finance

The Bank will review the various pieces of legislation that have a bearing on the regulation and supervision of housing finance. The pieces of legislation to be reviewed will include, the Building Societies Act and the Banking and Financial Services Act. The objective of the review will be to create an enabling regulatory environment that will support the emergence and growth of affordable and long-term funding for sustainable housing development, which is critical to addressing the national housing deficit.

6.0 Leverage Technology to Promote Safety and Efficiency in the Financial System

What Success will Look Like/Desired Outcomes

- Enhanced and streamlined customer onboarding mechanism through a centralised Know Your Customer (KYC) platform established for financial sector players
- Open finance regulatory framework established
- Enhanced sharing of customer data in a safe and secure manner to support increased access to and development of new financial products and services
- Increased availability of payment systems through extended operating hours for the Real Time Gross Settlement (RTGS) and Electronic Funds Transfer (EFT) systems
- Increased inclusivity through participation of non-banks and payment service providers (that currently are not able to participate) on the RTGS system
- Faster and more efficient payments

6.1 Develop Regulations and Rules to Facilitate Implementation of an Electronic and Centralised Know your customer Platform

Know your customer (KYC) requirements set the basis for customer identification, due diligence, and ongoing monitoring so that a service provider can effectively understand its respective customers. Currently the onboarding of customers using the existing KYC processes and platforms is fragmented and costly to FSPs and customers.

The Bank, in collaboration with key stakeholders, will establish an electronic centralised KYC (eKYC) platform to address these challenges and contribute to increased financial inclusion by streamlining the on-boarding process as well as advocating for enhanced implementation Intergrated National Registration Information System (INRIS) project..

6.2 Develop Regulatory Framework to Support Open Finance

Open finance enables the sharing of consumer data between financial service providers and third-party providers based on consumer consent. The essence of open finance is to allow for new innovative financial products and services to be developed that address specific customer needs based on their financial data that may be sitting across various financial and payment service providers.

The Bank will undertake a feasibility study in the quest to develop a regulatory framework for open finance.

6.3 *Enhance Payment System Operating Environment to Support a 24/7 Economy*

The Zambia Interbank Payment and Settlement System (ZIPSS) serves as the real-time settlement system in Zambia, operating from 08:00 to 16:30 hours on business days. However, these limited operating hours pose constraints on economic activity and cross-border payments.

To facilitate the transition towards a 24/7 economy, the Bank plans to gradually extend the operating hours of all payment systems. Additionally, efforts will be made to expand the range of participants on the ZIPSS and introduce new payment products, channels, and mechanisms.



As at end 2022 at least 73.1 percent of all the households across the country had used DFS at least once.



FOCUS AREA #4: ORGANISATIONAL RESILIENCE AND GROWTH

Rationale

The Bank recognises the critical importance of data centres to the continuity of its daily business operations and thus places a premium on the security and reliability of these facilities. To achieve operational efficiency, reliability, and compliance with internationally acceptable standards and the Cyber Security and Cyber Crimes Act, 2021, and the Regulations made thereunder, the Bank will consolidate the existing data centres into fit-for-purpose facilities.

In its quest to become a more digitally focused enterprise, the Bank will align unconnected digital initiatives and leverage digital technologies to improve its existing business model thereby achieving digital optimisation and transformation by the end of the strategic plan period.

The Bank also intends to undertake an enterprise-wide review of its business processes to identify areas of improvement to deliver operational efficiencies and optimal business results. To support these efforts, the Bank will review its organisation structure to meet current and future needs. The Bank will further adopt measures to embed a desired culture among all members of staff underpinned by its Values.

Strategic Initiatives:

7.0 Improve Operational Efficiency

What Success will Look Like /Desired Outcomes

- Data centers built to Uptime Tier III standard
- Improvement in operational efficiency and reliability of ICT applications to 99.9%
- All investments in Information and Communication Technologies (ICTs) aligned with the approved digital transformation blueprint to deliver better customer experiences, drive efficiency, adopt innovation and generate business value
- Attainment of 99.9% up-time for mission critical systems
- 50% of mission critical applications supported internally
- Quicker decision making in the Bank as evidenced by a survey
- 100% alignment of departmental organisational structures to the provisions of the law
- 75% of set objectives relating to the organisation design (re-organisation) achieved within pre-agreed timelines
- Revised organisational structure implemented

7.1 Design and build Fit-For-Purpose Data Centres to Tier III Data Centre Standards

A data centre facility serves as the nucleus for an organisation's ICT operations and equipment, facilitating the storage, processing, and distribution of data, and hosting all applications. Given their importance in delivering uninterrupted flow of daily business operations, these facilities are deemed critical assets. Consequently, the Bank places utmost importance on enhancing the security and reliability of these facilities to achieve operational excellence and comply with the Cyber Security and Cyber Crimes Act 2021.

The Bank will streamline its existing data centre facilities, consolidating them into purpose-built data centres designed to meet the Bank's adopted Uptime Tier III standard. This consolidation effort will aim to align the facilities with the functional and performance standards required by the business.

7.2 Invest in Modern Technologies, such as, Artificial Intelligence/Machine Learning, to Enhance Organizational Efficiency and Capability

Over the years, different functional units in the Bank have embraced and invested in diverse technologies with the goal of improving business processes and operations. Currently, the Bank is in the scaling and refining phase for conducting digital business hence the need to firm up its digital transformation journey.

In order to improve operational efficiency and effectiveness the Bank will harness digital technologies to improve its existing business model and support new products and services. Efforts will be coordinated to prevent the proliferation of disjointed digital initiatives catering to individual needs.

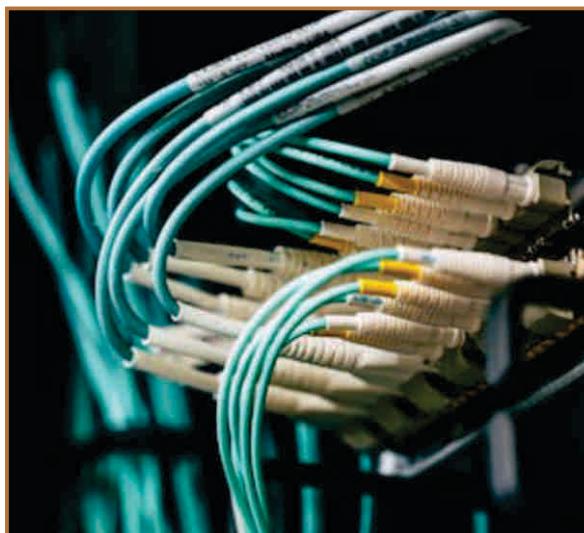
7.3 Review and Streamline Internal Processes to Enhance Operational Efficiency and Decision Making

The Bank operates in an environment where disruption is commonplace, and the pace of change is so rapid that it threatens the existence of even the most stable institutions of our time. As robust as most of the Bank's internal processes are, they need to be subjected to re-calibration and continual review and renewal so that they remain relevant to the Bank's mandate, and the emerging needs. In this Strategic Plan, the Bank intends to undertake an enterprise-wide review of critical business processes to identify areas of waste to facilitate operational efficiency and deliver optimal business results.

7.4 Refine the Bank's Organisational Structure in Line with Legal Requirements, Best Practice and Fit For Purpose

The dynamic shifts in the operational landscape, combined with the implementation of the Bank of Zambia Act (2022), have compelled the Bank to reassess its structure in order to streamline its operations effectively. In response to these developments, the Bank will undertake a comprehensive job evaluation exercise. This exercise will serve as a crucial input in the review and enhancement of its organizational structure, tailored to meeting its objectives more efficiently and effectively.

In its quest to become a more digitally focused enterprise, the Bank will align unconnected digital initiatives and leverage digital technologies to improve its existing business model thereby achieving digital optimisation and transformation by the end of the strategic plan period.



7.5 *Strengthen Human Capital Management and Entrench Desired Organisational Culture*

Effective human capital management and staff alignment with the Bank's Values are essential for fulfilling its mandate. To enhance productivity levels, the Bank will implement initiatives aimed at fortifying its human capital management practices and nurturing a culture based on its Values. The Bank will focus on strengthening its values by embedding them in its team building efforts, onboarding, and leadership development programmes, and performance management system. Further, the Bank will prioritize the development of competency frameworks to support the strategic acquisition and structured growth of its talent pool.



In order to foster a strong organizational culture, the Bank will incorporate its core values into team-building activities, onboarding processes, leadership development programs, and performance management systems. Additionally, there will be a focus on developing competency frameworks that will serve as the foundation for talent acquisition efforts.



Monitoring and Evaluation

The Bank will maintain ongoing monitoring and evaluation of implementation of the Strategic Plan. Regular monitoring and implementation status reports will be generated for consideration by the Board and Management. A holistic mid-stream review will also be conducted to identify and implement measures to enhance performance where appropriate.

Strategic Risk Management

The Bank has adopted an Enterprise-wide Risk Management (ERM) approach in the management of its risks. Consistent with this approach, all risks are managed holistically despite their source. In this regard, a strategic risk assessment was conducted, which identified the potential impediments to full implementation of this Strategic Plan. These risks will henceforth be managed based on the process flows under the ERM framework. The detailed results of the strategic risk assessment exercise are provided in the Companion to the 2024 to 2027 Strategic Plan.

Strategic Budget

The Bank has formulated a budget to facilitate the execution of the Strategic Plan. It will allocate sufficient resources to fulfil all planned activities.

Companion Document

The Bank has developed an internal Companion document to accompany this Strategic Plan to serve as the guide for implementing, monitoring, and evaluating the plan. Additionally, the Companion outlines in detail the strategic initiatives, key performance indicators, budgets, timelines, and associated risks for each strategic activity.

STRATEGIC DIRECTION IN SUMMARY

PRICE STABILITY	FINANCIAL STABILITY	FINANCIAL INCLUSION	ORGANISATIONAL RESILIENCE AND GROWTH
<p>Enhance the Transmission Mechanism of Monetary Policy</p> <ul style="list-style-type: none"> • Deepen the Interbank Money Market • Undertake Household and Business Surveys to Better Assess the Impact of Monetary Policy on the economy for more Informed Policy Decision Making 	<p>Strengthen the Resilience of the Financial System by Adopting and Entrenching Environmental, Social, and Governance (ESG) Issues and Practices within the Bank and in the Financial Sector</p> <ul style="list-style-type: none"> • Leverage the Bank's vantage position to influence adoption of ESG best practices by Regulated Entities • Promote Compliance to ESG Principles in the Supervisory and Regulatory Framework • Develop and Implement an Internal ESG Framework and Programme and Harmonize it with the Green Policy • Develop Capacity of BoZ Staff in Green Finance and ESG <p>Improve Data Collection, Management, and Application</p> <ul style="list-style-type: none"> • Develop and Implement a Data Warehouse • Implement Supervisory Technology to Digitise Reporting and Regulatory Processes <p>Strengthen Cyber Security Resilience and Fraud Mitigation in the Financial Sector</p> <ul style="list-style-type: none"> • Establish Financial Sector Cyber Incident Response Team (FINCIRT) • Establish a Security Operations Centre for the Bank of Zambia, Ideally, with Artificial Intelligence/Machine Learning Capabilities • Formulate and Implement a Cyber Security Strategy to Guide the Supervision of Cyber Risks Across the Financial Sector • Conduct Targeted Engagements with Other Regulators and Financial Service Providers to Develop and Implement an Action Plan to Reduce Fraud • Develop and implement a Regulatory Framework on Crypto Assets and Stable Coins 	<p>Leverage the Bank's Vantage Position to Influence Adoption by Financial Service Providers of Relevant Housing Finance Products</p> <ul style="list-style-type: none"> • Assess and support the establishment of a Housing Finance facility/entity • Review the existing legal and regulatory framework for housing finance <p>Leverage Technology to Promote Safety and Efficiency in the Financial System</p> <ul style="list-style-type: none"> • Develop Regulations and Rules to Facilitate Implementation of an Electronic and Centralised Know your customer Platform • Develop Regulatory Framework to Support Open Finance • Enhance Payment System Operating Environment to Support a 24/7 Economy 	<p>Improve Operational Efficiency and Effectiveness</p> <ul style="list-style-type: none"> • Design and build Fit-For-Purpose Data Centres to Tier III Data Centre Standards • Invest in Modern Technologies, such as, Artificial Intelligence/Machine Learning, to Enhance Organizational Efficiency and Capability • Review and Streamline Internal Processes to Enhance Operational Efficiency and Decision Making • Refine the Bank's Organisational Structure in Line with Legal Requirements, Best Practice and Fit For Purpose • Strengthen Human Capital management and Entrench Desired Organisational Culture

FOCUS AREAS:

1 **PRICE
STABILITY**

2 **FINANCIAL
STABILITY**

3 **FINANCIAL
INCLUSION**

4 **ORGANISATIONAL
RESILIENCE AND
GROWTH**



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