



**Bank Of Zambia**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

**December 19, 2013**

**CB Circular No: 22/2013**

**To : All Commercial Banks**

**SETTLEMENT OF CASH SHORTAGES AND PENALTIES**

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The ZANACO and Barclays Banks currently manage Sub Chests on behalf of Bank of Zambia (BoZ) in six (6) provincial centers. The Sub-chests receive cash deposits and make payments to commercial banks on demand. The cash deposited at the Sub-chests by commercial banks may be paid to other banks in the region if deemed fit for circulation.

However, BoZ from time to time evacuates unfit cash deposited by commercial banks from the Sub-chests. The cash evacuated from the Sub-chests is heat sealed for high value banknotes (i.e. K100, K50 and K20) and is verified by the BoZ. The cash verification process at BoZ is witnessed by representatives from ZANACO and Barclays Bank, the Sub chest hosts.

In the event that cash shortages are discovered in the evacuated cash, ZANACO and Barclays Bank, the Sub-chest hosts, settle to the BoZ these shortages and all attendant penalties on behalf of erring commercial banks. The Sub-chest hosts thereafter pass the cash shortages and other attendant penalties to the erring commercial banks.

However, this has proved to be administratively ineffective as erring commercial banks have not always settled the cash shortages and accompanying penalties timely, thereby inconveniencing the Sub-chest hosts.

Effective 1<sup>st</sup> January, 2014, all cash shortages and accompanying penalties shall be settled directly to the BoZ by the erring commercial banks. Verification of cash evacuated from the Sub chests at BoZ shall continue to be witnessed by representatives of the Sub chest hosts only. The verification exercise will be done under electronic surveillance and as such commercial banks will be free to view CCTV footages, should the need arise.

**Bwalya K. E. Ng'andu (Dr)**  
**DEPUTY GOVERNOR – OPERATIONS**