

# ZAMBANKER

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- **NATIONAL DEVELOPMENT THROUGH PRODUCTIVE DECENT WORK**



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**Bank of Zambia**

Views expressed in this publication are not necessarily those of the Bank of Zambia Management or the Editor

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## News in Brief



A delegation from the Bank of Botswana comprising Dr M Bakwena, Board member, Mr Andrew Motsomi, Deputy Governor, Ms Ewetse T Rakhudu General Manager and Mr Ralesedi Somolekae, Director Human Resources visited the Bank of Zambia on a benchmarking exercise on remuneration practices. The delegation benchmarked the Bank's remuneration practices on pay policy, salary structure, pension arrangements and the role of Government in the determination of remuneration practices.



Senior management has recognised and offered two employees a complimentary weekend package for two at Chaminuka Lodge for their research work in 2016. This was a gesture of appreciation for their research work which was published in various journals. The package includes full board for 2 and a bottle of wine. The two recipients are Dr Jonathan Chipili and Dr Patrick Chileshe.



Mr Jacob Mkandawire has been seconded to the Ministry of Finance as Advisor – Debt and Government Investment for a period of 3 years. His secondment was with effect from April 2017.



Mr Denny Dumbwizi has proceeded on a 1 year leave of absence. He is currently working for the United Nations Joint Staff Pension Fund as a Risk Officer in the Risk Management and Legal Services Unit. He is based at the UN Headquarters in New York. The United Nations Joint Staff Pension Fund is a Defined Benefit Pension Plan established by the General Assembly of the United Nations to provide retirement and related benefits for the staff of the United Nations and 23 other member organisations admitted to membership in the Fund. The Fund's assets, as at end 2016, were valued at more than US\$54 billion and serves almost 200,000 participants, retirees and beneficiaries. His leave of absence was with effect from 31<sup>st</sup> March 2017.

# ISLAMIC BANKING

By Zambanker Reporter

For some time now, there has been much contemplation about introducing Islamic Banking in Zambia. A lot of people have asked "why Islamic finance in Zambia?"

The answer to this question lies in acknowledging that the existing information and capacity gaps with relation to Islamic finance found in the financial market and real sector in Zambia impose major impediments to the provision and uptake of Islamic financial products.



Deputy Governor – Operations Dr Bwalya Ng'andu (second from right) and Assistant Director – Regulatory Policy Ms Mankolo Beyani, (second from left) with officials from the Islamic Financial Services Board (IFSB) of Malaysia at the Islamic Finance and Banking workshop in Lusaka.

Developing a better appreciation of Islamic finance as representing an alternative financing arrangement to the conventional approach to delivering financial products and services provides a good starting point for the eventual removal of the obstacles that stand in the way to its application in this country.

The second answer to this question can be derived from examining the great potential that Islamic Banking might have for improving financial diversity and inclusiveness in an economy.

Bank of Zambia Deputy Governor – Operations, Dr Bwalya Ng'andu said this when he officially opened the Islamic Finance and Banking Workshop that took place at the Taj Pamodzi Hotel in Lusaka, recently.

The Deputy Governor added that introducing a range of sharia compliant products, in the case of this country, for instance, may very well help bring into the formal financial sector certain economic actors who have elected to exclude themselves from participating in it because they object to the principles that underlie conventional financial service provision or because they consider available products as lacking the right structure for their needs.

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# ZAMBIA WINS CYFI COUNTRY AWARD

By Zambanker Reporter

Zambia has won the Child and Youth Finance International (CYFI) Country Award in the 'Regional Winner – Africa' category for implementation of the National Strategy on Financial Education. The award was given at the Global Inclusion Awards 2017 on May 3, 2017 in Berlin, Germany and was received by Deputy Governor Administration Dr Tukiya Kankasa-Mabula.

The Global Inclusion Awards, a CYFI initiative, recognise and honour those that achieve greatness and demonstrate innovation in financial, social and livelihoods education, financial inclusion and entrepreneurial support for children and youth at national, regional and international level.

Receiving the award on behalf of Zambia, the Deputy Governor recognised the contribution of local partners in implementing and achieving

financial education and financial inclusion initiatives. She also congratulated the other nominees in this category and all winners in the other categories.

Dr Kankasa-Mabula said Financial Inclusion is one of the strategic objectives at the Bank of Zambia that has been prioritised and winning this Award underscores the importance attached in this area. The Award will therefore spur the Bank to push the financial inclusion agenda further, as well as enhance its efforts to contribute to national, regional and international goals on financial inclusion.

Bank of Zambia values its collaboration with Child and Youth Finance International in fostering best practices in financial education and product development of financial products and services for children and youths, as well as the peer learning.

'We appreciate that the 6<sup>th</sup> Annual Global Inclusion Awards has been held during the Global Partnership for Financial Inclusion Forum, as this has given us an opportunity to learn more about the G20 agenda on financial inclusion and the planned partnership with Africa. This occasion has also enabled us to create and foster new stakeholder relationships on promoting financial inclusion,' the Deputy Governor said.

The other finalists in the Regional Winner – Africa category were Rwanda and Burkina Faso.

Award categories at the 6<sup>th</sup> Global Inclusion Awards Ceremony included the CYFI Country Award, the Global Money Week Award, the Economic Citizenship Education Award, the Child and Youth Friendly Banking Award, the Outstanding Youth Economic Citizenship Award and the Global Youth Entrepreneurs Award. Other countries that received the CYFI Country Awards are Peru who got the Regional Winner – Americas and the Caribbean, Indonesia who got the Regional Winner - Asia and the Pacific, Romania who got the Regional Winner – Europe and Central Asia and Egypt who got the Middle East and North Africa awards.

The Global Inclusion Awards ceremony was organised by CYFI and the German G20 Presidency/German Federal Ministry for Economic Cooperation and Development.



Dr Tukiya Kankasa Mabula receiving the country award

# Kankasa-Mabula joins the World Bank's Advisory Council on Gender and Development

By Zambanker Reporter

Deputy Governor – Administration Dr Tukiya Kankasa-Mabula has been nominated to join the World Bank Group's Advisory Council on Gender and Development. The Advisory Council has a maximum of twenty two (22) members who are invited by the Managing Director of the World Bank and endorsed by the President of the World Bank group. Council members serve a two-year term, renewable at the discretion of the Managing Director.

In a letter dated 23<sup>rd</sup> January 2017 to Dr Kankasa-Mabula, Chief Executive Officer of the World Bank Group Kristalina Georgieva said the Deputy Governor's official two-year term would begin in Spring 2017 should she accept the nomination.

The Advisory Council is composed of senior representatives from Bank Client countries and shareholders, internationally recognized private sector leaders, distinguished experts in areas and countries relevant to the World Bank Group gender strategy and civil society leaders in countries and fields relevant to the World Bank Group gender strategy. The council meets twice a year to consider progress on and constraints to gender equality globally and provide feedback and guidance of the World Bank Group's work on gender equality and women's voice. The Managing Director of the World Bank approves meeting agendas and chairs Advisory Council meetings. Senior World Bank Group staff and other high-level experts are invited to participate as appropriate.

The World Bank Group CEO said since its establishment in 2011, the Advisory Council has proven invaluable in helping the World Bank strengthen the work it does to close gaps between males and females. The year 2017 and beyond will be a crucial time of change globally, in light of opportunities represented by the new global 2030 roadmap and Sustainable Development Goals (SDGs) approved by UN Member States and challenges associated with economic headwinds, recent political changes, and the refugee/migration crisis. In December 2016, the World Bank Group adopted a new gender strategy aimed at deepening the Group's contribution toward key results which include closing first generation gaps in education and health, getting to more, better and inclusive jobs, closing gender gaps in ownership/control over key assets like land and finance and enhancing women's voice and agency especially by preventing and responding to gender



Dr Tukiya Kankasa Mabula

based violence.

The key objectives of the Advisory Council on Gender and Development are helping the Bank consider how to accelerate progress on closing gaps between men and women, to provide feedback on the World Bank Group's work on gender equality and to promote collaboration on gender and development.

The World Bank Group looks to the Advisory Council for advice in implementing the strategy in the face of global and national challenges and also in helping to identify entry points and opportunities. The Council therefore has a unique opportunity to influence direction of the work of the World Bank Group and ensure that there is an even

sharper focus on results and outcomes in reducing gaps between men and women, which is a prerequisite for achieving the corporate goals of ending extreme poverty by 2030 and promoting shared prosperity.

Dr Kankasa-Mabula's first assignment on the Council is scheduled for 23<sup>rd</sup> April 2017 in Washington DC. The meeting will be complemented by a learning event focusing on the important role of care services (for children, the elderly and other dependents) in fostering economic opportunity. The learning event will draw on Council members' valuable experience as well as those of the Bank, and explore new ideas and opportunities to move this agenda forward.

# 2016-2019 STRATEGIC PLAN LAUNCHED

By Zambanker Reporter

The Bank of Zambia 2016-2019 Strategic Plan which was approved by the Board of Directors, was launched in September 2016. The Plan articulates strategies and priority areas the Bank will focus on during the four years.

**B**OZ Governor, Dr Denny Kalyalya unveiled the Strategic Plan themed "Excellence in Execution", at a colourful ceremony held at the BoZ Social Club, which was attended by board members, management, staff and some invited delegates.

The Plan encompasses five main objectives in the areas of monetary policy, financial system stability, financial inclusion, gender mainstreaming and human capital and Information and Communication Technology (ICT) internal processes efficiency.

These objectives summarize the Bank's collective desire to achieve outstanding performance and deliver on its Mission which is "to achieve and maintain price and financial system stability to foster sustainable economic development".

On the monetary policy side, the Bank will aim to achieve and maintain average inflation of between 6% and 8% over the

Strategic Plan period. It will further endeavor to increase foreign reserves as well as deepen the domestic capital and money markets.

Financial system stability entails overseeing the financial service providers through strengthening capital requirements and increasing bank liquidity, establishment of a deposit protection scheme and a system for electronic monitoring of bureaux de change transactions.

The main objective of financial inclusion is to enhance living standards of the general populace and the Bank intends to do this by developing and implementing a financial inclusion policy and strategy, as well as scaling up digital financial services and ensuring successful implementation of the National Financial Switch.

Furthermore, the Bank has adopted the acronym, ACTIONE, in order to enhance operational efficiency and effectiveness to be pursued through the development and implementation of an Enterprise Architecture

and improved Human Resource policies and practices.

Finally, the Bank has taken particular interest in gender equality which is denoted by the initial E in ACTIONE, meaning Equality; and is a fundamental ingredient for inclusive and sustainable economic development.

In launching the Plan, the Governor stated that he was proud to unveil the document as it helped every member of staff to reflect, introspect, take stock and remind themselves of the reason for existence, achievements in the past, and what challenges and opportunities lay ahead.

He said that Strategic Planning was pertinent to any organisation and more so, to the central bank which occupied a pivotal role in the Zambian economy. It would define a desired future state of the institution and give every member of staff direction of where they wanted the Bank to be four years on.

The Governor was glad to point out that overall performance in the previous Plan which ran from 2012 to 2015 increased by 48.3 percentage points to 87.1% from 28.8% recorded in the 2008 to 2011 Plan. He urged all members of staff to build on previous successes and focus on enhancing productivity, effectiveness and efficiency. He said the theme was also intended to motivate staff towards higher levels of performance and commitment to enhance the chances of full attainment of set objectives, initiatives and activities.

"I wish to underscore the fact that there is a huge difference being good and being excellent. Excellence is about surpassing ordinary and normal standards to achieve outstanding performance in the way we conduct our business. It is therefore about improvements in performance, service delivery and conduct as individuals and as an organisation", the Governor said.

He urged everyone to have a mindset change if the Bank was to achieve the challenging objectives set in the Plan.



BoZ Governor Dr Denny Kalyalya and Head – Communications Mr Kanguya Mayondi at the launch of the 2016 – 2019 Strategic Plan.

# BOZ confers with MPs

By Zambanker Reporter

Bank of Zambia Governor Dr Denny Kalyalya says the acquisition of appropriate knowledge is vital for effective debate in the area of monetary and supervisory policies and provides a firm foundation for legislating appropriate monetary and financial sector laws, including the Bank of Zambia Act and the Banking and Financial Services Act.

Speaking at the Bank of Zambia Seminar for Members of Parliament (MPs) held at the Lake Kariba Inn in Siavonga from 3<sup>rd</sup> to 6<sup>th</sup> March, 2017, the BoZ chief said the Bank's engagement with Members of Parliament is part of its deliberate communications effort to get the institution's message to a wider audience, as well as important stakeholders such as the MPs. The Governor said the fundamental message he wished to convey was that the role of the Bank of Zambia is to formulate and implement monetary and supervisory policies to achieve and maintain price and financial systems stability so as to promote sustainable development. Accordingly, the mission of the Bank is to achieve and maintain price and financial system stability to foster sustainable economic development.

He further said that the Bank, from April 2012, had moved to a more forward looking monetary policy framework which was necessary for effective implementation of monetary policy. With regard to financial sector stability, Dr Kalyalya said the Bank will continue to closely monitor the financial sector in order to ensure that it effectively plays its financial intermediation role and be an effective contributor to the growth of the private sector.

'As you may be aware, on 22<sup>nd</sup> February 2017, the Monetary Policy Committee (MPC) adjusted the Bank of Zambia Policy Rate, Statutory Reserve Ratio and Overnight lending Facility Rate based on the new forward looking monetary policy framework. This decision followed the projected inflation falling within the medium term target of 6 - 8%. This will encourage provision of credit to the private sector and support financial system stability,' he added.

Dr Kalyalya emphasized that the success of the new framework ultimately depends on the credibility of the central bank. This credibility is, among other things, based on the Central Bank's ability to execute its mandate without



**Governor Dr Denny Kalyalya with Hon M. Simfukwe, MP Chairperson of the Committee on Estimates at the MPs Seminar in Siavonga**

undue influence or interference. He stated that over the past 18 months, when the country faced serious economic challenges, the Bank took important monetary policy actions that helped to reduce inflation from a peak of 22.9% in February 2016 to 6.8% in February 2017 and also brought relative stability to the exchange rate.

The Governor also said the Bank highly values the MPs Seminar as it provides an opportunity for interaction with legislators so that they can have better insights into the Bank's operations and the role it plays in the economy. It is the Bank's belief that the Seminars are also useful to the MPs in their work as they provided a detailed exposition of its operations and measures it implements to achieve price and financial system stability.

The MPs Seminar is a very important undertaking as it is also a vehicle for sharing information with the public through their elected representatives in Parliament.

'Communication is a very important component of our operations at the Bank, especially with regard to our new forward looking Monetary Policy Framework. This entails that we will strive to become more transparent and accountable by increasingly explaining our actions and the underlying reasons as we endeavor to meet our goals,' Dr Kalyalya said.

The Governor informed the MPs that the Bank had made significant progress in its communication with stakeholders. He pointed out that following the Monetary Policy Committee (MPC) Meetings, the Bank announces the monetary policy decision by publishing a Monetary Policy Committee statement in addition to a press briefing. The

decisions of the MPC are presented to the public on a quarterly basis. The statement and the powerpoint presentations are posted on the Bank's website.

Deputy Clerk for Administration Mrs Cecilia N Mbewe expressed gratitude to the Bank for organising the Seminar, which marked the first BoZ Seminar in the Twelfth National Assembly. Mrs Mbewe said the interaction between the Bank of Zambia and the Honourable MPs is important as it gives the experts who are charged with the responsibility of implementing monetary policy an opportunity to explain the recent positive developments in the economy, as well as recent past challenges that had beset the country.

The Deputy Clerk said that in the past, the Bank of Zambia used to organise such Seminars for MPs on an annual basis but that time had passed since the last one was held. She hoped that this Seminar will mark the beginning of a renewed relationship between the National Assembly and the Central Bank.

The feedback that National Assembly Management received from Members of Parliament at that time, on the effectiveness of these Seminars indicated that the Seminars were not only useful in reducing unnecessary anxieties on the economy but also enriched the debates of MPs both on the floor of the House and in Parliamentary Committees.

Mrs Mbewe appealed to the MPs to take advantage of the Seminar to seek answers on recent developments in the domestic economy such as the widening fiscal deficits and the factors that led to a lower inflation rate as well as the stable exchange rate.

Recent positive macroeconomic indicators

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# BOZ confers with MPs

point to the fact that the economy is beginning to look up. Annual inflation for the month of February was recorded at 6.6% and the exchange rate generally stabilised around K10 per us dollar. In addition, the price of copper has been rising steadily, giving hope that Zambia's balance of payment position will begin to improve soon.

Mrs Mbewe further said that despite the above stated improvements, one can argue that unlocking the underlying factors to the economic challenges faced thus far, can assist in dealing with them in future, should they recur or even preventing some of the pitfalls.

'The Members, may therefore, seek to appreciate the existing levels of coordination between the Bank of Zambia and the Treasury in mitigating the recent challenges and how the coordination can be improved. As was observed in the Report of the Expanded Estimates Committee on the Estimates of Revenue and Expenditure for the Financial Year 1<sup>st</sup> January to 31<sup>st</sup> December 2017, the fiscal deficit at 10% of GDP on commitment basis in 2016 was way too high and could have been much lower if there was proper coordination between the fiscal and monetary authorities,' she said.

Mrs Mbewe also stated that one common issue that has consistently been highlighted by economic commentators and civil society has been the country's failure to maximize resource mobilization despite the positive economic growth rates in the past. She said there has also been an apparent failure by the country to take advantage of the information and communication technologies offered in that regard. She acknowledged that the subject may not be within the purview of the Central Bank but was hopeful that the Bank could appreciate the views from the MPs on the matter and enter into dialogue with their counterparts on the fiscal side.

The Seminar was attended by Members of Parliament who are members of the Committee on Estimates, Public Accounts Committee and Committee on Economic Affairs, Energy and Labour. Chairpersons of all the other Parliamentary Committees also attended the Seminar.

Topics that were discussed included an overview of the Bank of Zambia and its function presented by the Deputy Governor Operations Dr Bwalya Ng'andu, the Bank of Zambia Monetary Policy Framework and Monetary Policy Implementation by Director Economics,

Dr Francis Chipimo and Director Financial Markets, Dr Emmanuel Pamu respectively and the Financial System Supervision, presented by Director Bank Supervision, Ms Gladys Mposha.

The other topics were Bridging the Gap through Enhanced Access to Financial Services presented by Director Non-Bank Financial Institution Supervision Mr Visscher Bbuku, Financial Inclusion through the Promotion of Digital Financial Services by Director Banking, Currency and Payment Systems Mr Lazarous Kamanga and the Proposed Changes to the Legislative Framework by Director Legal Services Dr Leonard Kalinde.

The Members of Parliament also undertook an informative and familiarisation tour of the Kariba North Bank Power station.



MPs at a Seminar in Siavonga

## STAFF APPOINTMENTS

By Zambanker Reporter

In its continued effort to attain excellence in its operations, Management appointed eight senior management staff who had been acting in various positions.



Those who were appointed were Mrs Namwandi Ndhlovu who was appointed Board Secretary in charge of Board Secretariat while Mrs Chanda Punabanatu was appointed Assistant Director in charge of Board Services.



Mr Douglas Kalamatila was appointed Assistant Director Market and Risk Analysis in the Financial Markets



Department while Mr Evans Mukonka was appointed Assistant Director - Financial Accounting in Finance Department.



Mrs Mirriam Kamuhuza was appointed Assistant Director Payment Systems in Banking, Currency and Payment Systems Department while Mrs Helen Banda was appointed Assistant Director Legal Services in Legal Services department.



Mrs Diana Chisulo was appointed Assistant Director - Support Services at Regional Office while Mr Evans Luneta was appointed Director Procurement and Maintenance Services Department.



*Zambanker wishes the above mentioned success in their new appointments.*

# NG'ANDU URGES SADC CENTRAL BANKS TO UNITE

By Zambanker Reporter

The Bank of Zambia (BoZ) successfully hosted the Committee of Central Bank Governors (CCBG) Financial Markets Subcommittee meetings in Livingstone from 8<sup>th</sup> to 9<sup>th</sup> February, 2017.

**T**hese meetings are held annually to brainstorm on issues concerning the African financial markets initiatives as well as other matters pertaining to the development of markets, dealing with weak financial market infrastructure and regulation.

The meetings are represented by central bankers from all Southern African Development Community (SADC) member states and provide an ideal opportunity to

In his opening address, Dr Ng'andu said the meetings were taking place at an interesting time when the global economic and political landscape was undergoing some interesting changes which were largely reflected in a growing shift in sentiments around globalization in a number of developed countries.

Notable amongst these changes was the Brexit, the outcome of the recently-held elections in the United States, the anti-

happening, it would be folly to imagine that our region was sufficiently insulated from the emerging doubts about the benefits of economic integration. On the contrary, SADC was susceptible to the influence of this battle of ideas that were being played at the global stage.

Dr Ng'andu emphasized the need for SADC Central Banks to rededicate themselves to building a regional financial market now more than ever before, and that this ought to be anchored in the belief that integrated markets brought more economic benefits to member states involved in an economic union than disjointed, inarticulate standalone markets.

The Deputy Governor brought to the fore some of the successful outcomes of such meetings. He singled out the SADC Integrated Electronic Settlement System (SIREs) as one such initiative that deserved to be celebrated, with 14 out of 15 member countries of SADC now on the system.

Dr Ng'andu further stated that the volume of transactions had increased over the years from R88 billion in December 2014 to R102 billion in December 2016.

The SIREs is a system which is capable of carrying any value of transactions and as such, there was need to navigate more decisively from reliance on large value time critical transactions to low value high volume transactions in order to increase its popular acceptance in the settlement of cross border transactions.

The Deputy Governor mentioned that there was need for more banks in the region to get on the system as only 83 out of close to 200 commercial banks were on board.

A viable example to this was Zambia where out of 19 commercial banks, only 9 were on SIREs.

"As central banks, we clearly have some work cut out for us to ensure that all commercial banks in the region are brought on to the system and ensure that SIREs functions as a multi-currency payment system", he said.

Dr Ng'andu paid tribute to the efforts the financial markets played in making the SADC region to deepen, integrate and safeguard financial systems and economies. He said it was inevitable to build on the various successes so far attained as this was critical in sustaining our commitment and ensuring that the region continued to grow amidst the shifting sentiments and escalating global market risks.

*These meetings are held annually to brainstorm on issues concerning the Africa financial markets initiatives as well as other matters pertaining to the development of markets, dealing with weak financial market infrastructure and redulations*



continue with the work of developing and building a regional financial market that is fully integrated, liquid and robust.

BoZ Deputy Governor in charge of Operations, Dr Bwalya Ng'andu officiated at the opening of the meetings held recently.

globalisation political rhetoric in France and other European countries; which had created uncertainty over how the global markets would evolve.

He reminded the delegates that despite the distance from where all these events were

# BOZ TO HOST THE GBA – ALL STAR AFRICA ACADEMY

By Zambanker Reporter



Delegates to the All-Stars Academy held in The Hague in June 2016.

**The Bank of Zambia, in partnership with the Global Banking Alliance for Women (GBA), Financial Sector Deepening Zambia and other partners, will host the 2017 All Star-Africa Academy at the Avani Victoria Falls Resort in Livingstone from June 19 to 22, 2017.**

GBA is the only global consortium of financial institutions dedicated to supporting banks as they capture the opportunity of the women's market. The members work in more than 135 countries to build innovative, comprehensive programmes that deliver to women the tools they need to succeed, including access to capital, information, education and markets.

The All-Star Africa Academy is a buildup on the success of the global academy curriculum, adding a special focus on banking women in the regional context. Chief Executive Officer for

GBA, Inez Murray in a write up posted on their website stated that, "admission to the All-star Africa Academy will be granted on a competitive basis". Enrolment is open to senior bank executives who are responsible for new business development, marketing or customer segments.

Ms Murray added that the programme is ideal for GBA members at the early stage of women's market programme development and also for banks that are not yet members, but are seriously considering introducing a programme.

Membership in the GBA helps to ensure the success of these programmes through access to a unique platform of peer learning and other resources that allow banks to build their capacity to serve women customers. The Alliance also uses the collective voice to advocate for greater awareness of women's

vital economic role as consumers, investors and job creating entrepreneurs.

GBA harnesses the power of women. Women are the most powerful force that can be used to better economies, but they face a number of barriers to financial inclusion. GBA and its partners work in 135 countries to build innovative, comprehensive programmes that provide women and women entrepreneurs with vital access to capital, markets, education and training.

GBA facilitates peer learning across its membership to accelerate the learning curve and help ensure women's market programme success. It also conducts research and collate insight from banks and house essential resources that help members to stay on the cutting edge.

GBA also leverages its collective voice to advocate for desired policy change. The impact can be seen in the success of the women customers its members have supported.

Some of the experts who have worked with GBA had this to say:

- GBA has helped us to avoid a lot of common mistakes made with the women's market and with all their help, we have been able to put together a business case and successful programme – Head of Women Banking at the Chase Bank, Kenya;
- GBA plays a very important role in bringing access to knowledge and networks to funding agencies, funding institutions and the women who need access to it – Elizabeth Vazquez, President and CEO Weconnect International;
- Through the GBA, we have been able to learn from some very large banks that have fantastic women's market initiatives – EVP and General Manager Bank BHD Leon;
- What the GBA does is demonstrate to commercial lending institutions that women have enormous market power – Melanne Verveer, Executive Director Georgetown Institute, Peace & Security;
- GBA is a great place to come for tools and how-to guides. It is fantastic support for any banks that are considering focusing on women – Lisa Ronson, Former Head of Mass Marketing Westpac.

Source: [www.gbaforwomen.org](http://www.gbaforwomen.org)

# STANBIC BANK LAUNCHES ANAKAZI BANKING

By Zambanker Reporter

Deputy Governor Administration Dr Tukiya Kankasa-Mabula has applauded Stanbic bank for coming up with the women market proposition dubbed Anakazi banking, an initiative designed to help equip the women of Zambia with the skills they need to succeed.

Speaking at the launch of Anakazi banking, the BoZ Deputy Chief said she was delighted to be part of the launch of a programme designed to offer a lifetime solution to many challenges that the hard working, yet economically disadvantaged women of Zambia face.

'I'm sure, you will all agree with me that women are special, and therefore we must all work to promote their well-being. It is often said that if you empower a woman, you empower a nation,' she added.

Several studies have been carried out which show that when wealth and income are placed in the hands of women, the likelihood of the welfare of families being better is higher. The Deputy Governor added that women are recognised as agents of development and if they are to be effective agents, focus should be put on enhancing their contribution.

Dr Kankasa-Mabula said the Central Bank could already see opportunities opening up for women to accelerate wealth creation, prosperity, peace and stability. She said that one of the Strategic Objectives for the Bank of Zambia for 2016 – 2019 is to increase formal financial inclusion by 16 percentage points in order to contribute to enhanced living standards.

In this regard, the Bank of Zambia has lined up a number of initiatives to help achieve this objective such as the Financial Literacy Week. Further, in June 2017, the Bank of Zambia in partnership with the Global Banking Alliance for Women will host the All Star Africa Academy in Livingstone. The All Star Academy is intended to build capacity within the financial institutions on how to design and implement



Dr Tukiya Kankasa Mabula

programmes to offer women a holistic value proposition they need to succeed in accessing finance, information, education and networking. The All Stars Africa Academy is targeting between 50 and 60 participants with two-thirds being from African commercial banks.

The Deputy Governor Administration was hopeful that Anakazi banking will help Bank of Zambia in meeting its strategic objective as well as its other commitments at the international level such as the Denarau Action under the Alliance for Financial Inclusion. The Denarau Action Plan is designed to accelerate financial inclusion for women by promoting smart policies.

## The 7 principles of Financial Prosperity

By Zambanker Reporter

**D**eputy Governor Operations Dr Bwalya Ng'andu has commended Reverend Walter Mwambazi for contributing to the implementation of the National Strategy on Financial Education for Zambia through his programmes on financial management and the publication and launch of his book entitled 'The 7 principles of Financial Prosperity.'

In a speech read on his behalf by Assistant

Director - Financial Sector Development Mr Musapenda Phiri at the launch of the book in Lusaka recently, Dr Ng'andu said Reverend Mwambazi had documented the evolution of the partnership between regulatory authorities and civil society and created a fitting testament to his contribution towards the National Strategy on Financial Education (NSFE) for Zambia.

The BoZ Deputy Chief also commended Reverend Mwambazi for deciding on a very appealing title for the book which captures the essence of what everyone aspires to achieve with their resources – prosperity.

The book narrates and illustrates how biblical wisdom and principles can be applied in the way finances are managed to create wealth and attain financial freedom and security. The 7 principles explained in the book are:

- Pay yourself first by saving a portion of your income;
- Control your expenses;
- Multiply your savings;
- Invest wisely;
- Accumulate assets;
- Insure a future income;
- Create multiple streams of income.

The 7 principles are consistent with the  
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# The 7 principles of Financial Prosperity

objectives of the National Strategy on Financial Education for Zambia which aim to empower Zambians with the knowledge, understanding, skills, motivation and confidence to help them secure positive outcomes for themselves and their families and to make financial decisions and take actions appropriate to their personal circumstances.

Dr Ng'andu said that the Government of the Republic of Zambia and the three financial sector regulators, namely Bank of Zambia, Securities and Exchange Commissions and the Pensions and Insurance Authority have the overall responsibility of coordinating the implementation of the NSFE. He said to achieve this, the financial sector regulators depend on a wide range of partnerships with financial institutions, civil society, non-governmental organisations, development partners and individuals to play a part in implementing the national strategy by reaching out to citizens through financial education programmes.

'It is therefore gratifying to note that individuals such as Reverend Mwambazi have not been inundated by the task at hand but rather made a noble decision to contribute to the implementation of the NSFE through his programmes on financial management,' he said.

For this reason, Rev Mwambazi was a recipient of the 2016 Financial Literacy Bank of Zambia Governor's awards for individual contribution to financial education in Zambia.

Dr Ng'andu acknowledged that the task of writing and publishing a book was never easy.

He added that the time and effort put into authoring the book on the 7 Principles for Financial Prosperity demonstrate genuine

loss, mistrust, dependency on others, stress, dependency and even health related problems.



Assistant Director FSD Mr Musapenda Phiri with Reverend Walter Mwambazi.

concern, passion and commitment to bequeath Zambian citizens with sound advice and principles on prudent financial management and investments, with the aim of achieving prosperity.

The Deputy Governor said achieving financial prosperity is not easy to attain as many have either personally experienced or witnessed incidences where ill-informed decisions, poor choices and the inability to plan and manage risks associated with making financial decisions has led to among others, financial

'Many of us have failed to realise the full potential of our abilities, talents, the knowledge we possess and resources we own to create and generate wealth,' he added. These issues highlight the importance of obtaining good financial counsel.

Dr Ng'andu said the invaluable advice by Reverend Mwambazi contained in the book on the 7 Principles for Financial Prosperity will provide an antidote for the shortcomings in personal financial management. This will in turn transform lives in such a way as to inspire people to achieve wealth and financial

## InvestGO Prepaid visa debit card launched

By Zambanker Reporter

The Bank of Zambia's expectation in this era of innovation and in view of the numerous needs of customers in the financial sector is that banks will continuously seek new and improved products and services for the different segments of their clientele, not only in order to yield greater profits for themselves but more importantly, to better serve their customers.

Speaking at the launch of the Invest GO Pre-Paid VISA Debit Card by Investrust Bank Plc, Senior Director Supervisory Policy Mr Chisha Mwanakatwe said the product was

predominantly mobile banking-based and therefore leverages the strong penetration of technology across both urban and rural areas. This is in line with the key factors that banks should take into consideration when developing products and services. At a minimum, these should include affordability, accessibility, convenience and relevance to the consumers. In this regard, the Bank of Zambia expects innovation to translate into a general lowering of the cost-burden, which often, has been borne unfairly by the customer.

Mr Mwanakatwe also explained that Bank of

Zambia for some time had been preoccupied with the issue of consumer protection and education.

***“It is evident that with the introduction of new and innovative banking products, comes an increased number of customer complaints arising from the use of these services. Given that InvestGO***

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# InvestGO Prepaid visa debit card launched

*is targeted at a broad spectrum of clients, this issue will no doubt be a feature of your interaction with users. It is therefore our expectation that as you roll out this new product, the bank will put in place appropriate systems to address customer concerns particularly, those relating to disputed transactions,”* he said.

He elaborated that the Bank of Zambia remains committed to ensuring that a vibrant

and robust financial sector is maintained. So far, the BoZ has continued to implement various monetary policy interventions that have enhanced the stability of the local currency, management of liquidity and ultimately, inflation. In addition, the Bank remains resolute in supporting key initiatives such as the National Financial Switch that will augment local payments systems.

“The Bank of Zambia, attaches great importance to initiatives by commercial banks aimed at improving service delivery to customers and it is therefore pleasing to note that your bank is introducing a product that will not only achieve this objective but will also contribute to financial inclusion by making the

InvestGO Pre-Paid VISA Debit Card available to non-account holders. Given that the card will be Visa enabled, users will be able to transact across the country and indeed anywhere in the world,” he said.

The InvestGO card holders will be able to load up to a maximum of K50,000 on InvestGO. This will provide convenience and security for the customer as they will not need to carry large amounts of cash as they transact. The Bank of Zambia has continued to encourage the introduction of products and services that eliminate or at least reduce, the need for cash, with the ultimate, objective of promoting a cash-lite society.



(l-r) Director Financial Markets Dr Emmanuel Pamu, Board Secretary Ms Namwandi Ndhlovu and Director Human Resources Ms Roseline Scott

# MWANAKATWE INSPIRES LEARNERS

By Zambanker Reporter

Senior Director Supervisory Policy Mr Chisha Mwanakatwe has advised students to choose the company that they keep wisely and in as far as possible, try to associate with like-minded, ambitious young men and women who will encourage them to progress in their careers.

Speaking at the ZCAS and Barclays Bank career and innovation fair for students in Lusaka recently, Mr Mwanakatwe encouraged the students to remain focused after graduation because they would, to a great extent, be making their own plans and monitoring their own progress.

"You will have the freedom from assignments and examinations that you have wished and waited for, but I would like to remind you that freedom is a precious gem that can deteriorate into a lethal weapon, if abused. You may be familiar with the saying, *"Success is a Journey, not a Destination"*. At no point can we stop and say that we have achieved success, and therefore sit back and bask in glory. Although

eventually get them by showing perseverance. These people are today "Captains of Industry" in their various fields and they have attained levels that they would have never dreamt of. He explained that in the pursuit of any goal, there would be moments of hesitation and boredom, moments of fear, fatigue and even failure. There will be attraction to the easy path and at such times one may feel that they want to quit. He added that no matter what ups and downs students may encounter, they must not waver in their determination because the road to success is not a paved road but has many pitfalls and impediments. He urged the students never to give up, for in life, the race was not won by those who run the fastest, but rather by those who persevere.

Mr Mwanakatwe also encouraged the students to respect other people's view-points and be prepared to learn from everyone. He explained that some of the most educated people that he had known, had failed in their careers simply because they felt that they knew it all. He said very often, the best ideas that one will ever hear would come from the most unlikely of sources

second to none.

"Do not allow your desire to succeed dull your moral and ethical sense. The temptations of the real world have been the downfall of many and we only have to look at the numerous cases before the Courts of Law to see that any compromise of these basic values does not pay," he said.

Mr Mwanakatwe also noted that it was gratifying to note that there were so many young ladies present at the event who had, through their professional and academic achievements, demonstrated that they were just as capable, and in many instances even more capable, than their male counterparts.

He explained that it remained a fact that many young women in Zambia continued to be disadvantaged as compared to young men. This arises because at an early age where young women's social roles encumber them with more responsibilities, constraints are imposed that result in unequal access to education and vocational training, higher drop-out and illiteracy



Learners who attended the ZCAS and Barclays Bank Career and Innovation Fair

much of what you need to know, you can only learn as you go along, I feel it is my duty to point out a few elements that I believe will help you as you move into this very important next phase of life," he said.

He further urged the students not to give up because many known people who perhaps didn't get the results they initially expected in order to pursue their dream-careers, did

and therefore urged the students to take time to listen to those that may not have reached the same level as them, particularly even as they acquire their qualifications as well as in their working life.

He also urged the students to maintain their integrity. He explained that the foundation that they had built at ZCAS and the professional values that had been inculcated in them are

rates, limited participation in decision-making and unequal power relationships at home and within institutions.

"I therefore urge the young ladies here to work even harder than their colleagues, in order to excel and be role-models for all the girls out there who are fighting to overcome these challenges, which all seem to conspire against them," he said.

# Not all CRB objectives met but...

By Zambanker Reporter

After almost a decade of Credit Reference Bureau (CRB) operation, it is evident that the credit reporting system still faces some challenges and not all the objectives set at inception have been achieved, Senior Director Supervisory Policy Mr Chisha Mwanakatwe has said. He observes for instance that coverage of eligible data subjects is still very low with less than 10 percent of the adult population covered. Furthermore, data submissions by Financial Service Providers (FSP's) in some instances has been erratic creating gaps which could render the data unreliable.

Notwithstanding the above, some major successes have been scored. As borrowers increasingly become aware that their credit behaviour is the only thing that stands between them being in the credit market or being locked out of it, they have had to adjust their attitude towards debt obligations. As a result, there is a reduction in willful dishonouring of payment obligations and in tandem, FSP's are showing greater awareness of the value of credit reporting.

Speaking at the launch of the research to Enhance the Effectiveness and Efficiency of Credit Reporting in Zambia in Lusaka recently, Mr Mwanakatwe also drew from the General Principles for Credit Reporting issued by the World Bank in September 2011, which state that an effective credit reporting system should be able to: support financial institutions and grantors of credit to accurately assess credit risks and maintain well-performing credit portfolios; facilitate sustainable expansion of credit in the economy in a responsible and efficient manner through fair and unbiased access to various types of credit products on competitive terms; support financial regulators in supervising regulated institutions in order to ensure that the latter remain safe and sound, minimizing systemic risk as well as educate and provide incentives to individuals and businesses to manage their finances responsibly, rewarding responsible behaviours and curbing over indebtedness issues while taking into account consumer interests.

Earlier, Mr Mwanakatwe explained that financial inclusion and sustainable access to finance is a global objective that has been noted as essential to increased economic and social welfare both at national and individual level. Globally, regulators and financial market players are increasingly recognizing the value of credit



**Delegates who attended the launch of the research to enhance the effectiveness and efficiency of credit reporting in Zambia**

reporting systems in managing credit risk and in enhancing financial system supervision and achieving financial sector stability.

"You will acknowledge that the quality of financial infrastructure determines the efficiency of financial intermediation, the ability of lenders to evaluate credit risk and of consumers to obtain credit, insurance and other financial products at competitive terms. Credit reporting is therefore an activity of high public interest," he said.

He added that credit reporting, when effective, reduces asymmetries in information between borrowers and lenders thereby reducing the incidence of adverse selection, credit rationing and moral hazard. It is in this regard that interim guidelines designed to facilitate the establishment of the credit reporting system were introduced in 2006. Specifically, the Banking and Financial Services (Data Privacy) Code and the Banking and Financial Services (Credit Reference Licensing) Guidelines were

gazetted to guide credit reporting.

"It has been a decade since the credit reporting framework was introduced in Zambia. It is fitting, therefore, that a comprehensive audit of the successes scored and challenges encountered be conducted. It is imperative that we introspect whether we have taken strides in achieving some of the objectives that we sought to attain," he said.

In 2016, based on a World Bank Group methodology for ease of doing business, Zambia ranked 19<sup>th</sup> out of 189 countries with regard to "getting credit" criteria, representing an improvement by 5 positions from 2015. In comparison with countries within the sub-Saharan region, Zambia came second with Rwanda taking the leading slot. The ranking gives an indication that Zambia is doing very well particularly on the legal framework for enabling access to credit. Zambia therefore needs to build on these gains by resolving the bottlenecks that still exist.

# THE PLACE OF FEEDBACK IN PERFORMANCE MANAGEMENT

By Happy Mulwe

Most organizations that I know of have one form of Performance Management or another. I also know that wherever there is a form of Performance Management, there will be a form of goals or objectives that the firm will seek to achieve and that these are ideally spelt out at the start of a performance year. In a good number of cases, some of these objectives are expressed as strategic imperatives in the corporate strategic plan. Apparently, some organizations spend quite a decent amount of money in developing strategic plans and in procuring the 'best in class' performance management systems that money can buy. They do so all in the hope that these systems will translate into performance upturns and the realization of desired strategic aspirations.

The unsettling matter for me however, is the realization that in spite of such elaborate investments, there is very little to show for the investment in many cases. A number of reasons can be advanced for this dismal performance. One research cited in the Balanced Scorecard Institute training materials states that actually 9 out of 10 organizations fail to execute strategy because of four major reasons. These are: The vision Barrier which states that only 5% of the workforce understand the strategy; The Management barrier that claims that 85% of executive teams spend less than one hour per month discussing strategy. This literally suggests that executive should actually check how much time they devote to discussing issues of strategy. The third challenge is called the resource barrier. In this barrier, research suggests that 60% of organizations do not link budgets to

strategy. The last barrier is known as the people barrier and it postulates that only 25% of managers have incentives linked to overall strategy.

It is profoundly clear that from research findings above, one major reason for the failure of strategy is the inability to frequently hold ongoing structured and focused discussions on strategy at the highest level of any organization. A sober reflection on this fact sends cold shivers on the spine of anyone that is passionate about performance at both organizational and individual level. It calls for introspection to review our own practices. The unveiled message of these statistics is that at the highest level and indeed at every level of the organization, discussion should, without question, be held and adequate time be given to review progress made in concrete terms against the top strategic goals.

The research findings however do not come



Mr Mulwe stressing a point during one of his presentations

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# THE PLACE OF FEEDBACK IN PERFORMANCE MANAGEMENT

By Happy Mulwe

as a surprise to those familiar with the process of performance management. This is because most organizations practice performance as a start-stop process that only takes place at the start of the year and at the end of the year. Goals are set at the beginning of the year and the signed performance contracts are left to gather dust on the shelf until the end of the year when reviews are called for by Human resource department. If performance management is to yield the desired returns, it should be an ongoing process and should be a top priority item on corporate agendas as well as a number one discussion item in operational meetings across the organization. This is the essence of performance monitoring. Like Ken Blanchard said, feedback is breakfast for champions. This means that performance feedback sessions should be held as often as possible.

In the next few paragraphs, I discuss a few aspects that should characterize our performance feedback or monitoring discussions.

A performance monitoring discussion can take place at team level as well as at individual level. When done at individual level, it is meant to be a tool for providing feedback on progress made on what was contracted at the start of a performance cycle. This discussion focusses on gains and losses or successes and failures of the employee against preset expectations. What process should be followed in giving this feedback?

The Example, Effect, Change/Continue (EEC) Model

There are many different models that are used in providing performance feedback. One of them is the EEC model. Below is an outline of how to use it.

**1. Describe the performance situation as fully as you can using an EXAMPLE.**

For example, "Yesterday, you made a very effective presentation to the Board in that you gave a compelling case why we need the Balanced Scorecard in the bank." OR

"The last two Management reports you submitted had a lot of errors"

**2. Describe the positive/negative impact (EFFECT) that the example you gave had/has on the Employee's performance.**

Once you have given an example, you should proceed to state how the employee's performance positively or negatively impacted on his/her achievement of individual or corporate goals or how the action validated particular competencies.

For example, "Based on your effective presentation, we were able to get the sign off from the Executive to implement the programme bankwide. It also gained you visibility to senior management"

OR

"Because of the numerous errors that were in the report, management is now beginning to doubt the integrity of the data that we send to them"

**3. Allow the employee to say something and use what they have said as input into your closing remarks to challenge the employee to CONTINUE or to CHANGE.**

For example: "As your supervisor I wish to commend you for the good work you have done. Please continue on the same trajectory in all the other areas."

"Based on your explanation, I would like to request that going forward, you make sure that you check your report thoroughly before you send it out for publication"

But just like a moving machine requires oil for lubrication, the EEC model cannot work well if we do not 'oil' it from time to time. The following tips are the lubricants for the feedback process in the workplace.

Make it **prompt**, rather than delayed. Don't wait three months to discuss what needs to be done differently now. Discuss it as close to the event as possible. Whether it is a commendation or a reprimand, do it as promptly as possible.

Let it be **focused** on important issues. Feedback is only useful if it focusses on one or two things that would really improve the employee's performance. Don't overwhelm the employee so he/she feels that you are overly critical or that he/she is totally ineffective

Remember that feedback is a **dialogue**, a two way discussion and not a lecture. So, get the employee's perspective of the issues at hand.

Make it **balanced**. Good feedback should focus on both the negative and positive attributes of performance progress. When the performance is positive, always suggest what could be done even better. Remember that there is always room for improvement. When you give negative (developmental) feedback, start with positive (motivational) feedback before proceeding to give the developmental feedback. It is recommended that for every one negative feedback, you should first give three positive pieces of feedback.

Make it **descriptive**, rather than judgmental. Discuss behaviours related to the job. Avoid discussing personality traits. For example, you could say, "You interrupted Maggie three times during our discussion," instead of saying "You're rude."

Feedback should be specific, rather than general (Refer to EEC model above). In



Mr. Happy Mulwe

addition, make it helpful, rather than destructive. It is recommended that you don't give feedback when you're upset, even if you are very concerned about the employee's performance when you observed him/her. If possible, wait an hour or, if necessary, a day. Cool down first. Think about what you'll say and how you'll say it. Let it be constructive rather than destructive.

For an organization to achieve their strategic priorities, performance discussions must become the norm and permeate all organization levels. Executives must discuss performance in their board rooms. Managers must hold one on one discussions with their direct reports. These discussions have the potential to push an organization forward.

# WORLD CONSUMER RIGHTS DAY

By Mambwe Chibale

*The World Consumer Rights Day (WCRD) Commemoration, which is spearheaded and coordinated by the Competition and Consumer Protection Commission (CCPC), is a global event that attracts participation largely by sector regulators. In Zambia, the participants included, amongst others, the Bank of Zambia (BoZ), Energy Regulation Board, Zambia Information and Communication Technology Agency and the Zambia Weights and Measures Agency.*

The BoZ used the WCRD as a vehicle for its dissemination of information of consumer awareness in the financial services sector. The preparations and activities around the WCRD also enabled the BoZ to strengthen liaison and collaboration with the other sector regulators.

The issue of consumer protection is as important in the financial sector as in any other economic sector. Therefore, the BoZ through appropriate legislation is able to enforce adequate disclosure requirements that are meant to make consumers make informed decisions and influence the pricing and quality of financial services and products. WCRD is an opportunity to promote the basic rights of all consumers, for demanding that those rights are respected and protected, and for protesting the market abuses and social injustices which undermine them.

In view of the aforementioned, the BoZ participated in the commemoration of the WCRD on 15 March 2017 which was held under the theme "Consumer Rights in the Digital Age." The commemoration which was held at Levy Business Park was preceded by a march past from Government Complex via Cairo Road.

## INTERPRETATION OF THE THEME "CONSUMER RIGHTS IN THE DIGITAL AGE"

Drawing from its mission, which is "To Achieve and Maintain Price and Financial System Stability to Foster Sustainable Economic Development", the BoZ implemented the National Strategy for Financial Education for Zambia in 2012 which set out to empower Zambians with knowledge, understanding, skills, motivation and confidence to help them secure positive financial outcomes by 2017.

As a road map to achieving the objectives of this strategy, the BoZ also rolled out financial inclusion initiatives that are aimed at increasing formal financial inclusion in order to contribute to enhanced living standards through the Financial Sector Development



Members of staff who took part in the World Consumer Rights Day march past

Plan which ran from 2012 to 2016. These two initiatives were pursued simultaneously to achieve transformation in the financial sector by increasing the number of users of financial services and also having a financially educated people who make effective use of financial products.

For the BoZ, digitalisation catalyses the transformation of the financial sector. For the financial sector, digitalisation is at the centre of changing the entire ecosystem. Digitalisation has been achieved in payment solutions, online banking and automated financial services such as customer credit.

As a regulator, BoZ aims to champion technologies that scale up non cash/mobile/digital payment systems and support legislation that promote and protect article 19(d) of the Bill of Rights on people's privacy. In supporting digitalisation and promoting

consumer rights in the digital age, the BoZ included in its financial inclusion strategic objective for 2016 to 2019 the initiatives listed below:

1. Scale up digital payment systems; and
2. Review Regulations to include market conduct and consumer protection.

The two initiatives above will undoubtedly accelerate the transformation of the financial sector to take care of customer needs and meet their expectations in a manner that recognises and protects their rights in the digital age.

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*The author is an Analyst in the Non-Bank financial Institution Supervision.*

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# PRACTICE FINANCIAL DISCIPLINE – GOVERNOR IMPLORES EMPLOYEES

By Zambanker Reporter

**Bank of Zambia (BoZ) Governor, Dr Denny Kalyalya has implored members of staff to maintain high levels of integrity in the manner they conduct their affairs, especially personal finance. He has urged them to exercise utmost discipline in the way they conduct themselves so that they could be good ambassadors of the Bank in society.**

Bank of Zambia (BoZ) Governor, Dr Denny Kalyalya has implored members of staff to maintain high levels of integrity in the manner they conduct their affairs, especially personal finance. He has urged them to exercise utmost discipline in the way they conduct themselves so that they could be good ambassadors of the Bank in society.

This is in line with the Central Bank's core objective of promoting financial inclusion in the country through country-wide sensitization of financial management and discipline.

The Governor was speaking at the 2016 Award-Giving ceremony held at the Bank of Zambia Social Club in September 2016.

The Award-Giving ceremony is held annually to recognize and reward employees who exhibit exceptional attributes during the year. This event is usually held in May to coincide with the Labour Awards, but due to other commitments, it was only held in September.

The categories for the awards are:

- Most vigilant and alert;
- Most disciplined and;
- Most dependable.

In addition, the BoZ gives out long-service awards to employees who have served the Bank fifteen years of unbroken service.

In 2016 however, the Bank introduced awards to employees who had served the Bank thirty years of unbroken service.

Speaking in line with the 2016 Labour Day theme: "Achieving National Development through Productive Decent Work, Sustainable Job Creation and Social Justice", the Governor pledged that the Bank would endeavor to achieve everything.

Dr Kalyalya stated that the Bank would strive to ensure that its work environment provided an atmosphere where employees would operate comfortably in order to achieve productive decent work.

The Governor further said that the Bank's focus was to have a dynamic structure on jobs which were permanent in nature and would continue to review its structure based on its changing needs.

He said social justice within the Bank's environment was largely achieved through staff engagements by ensuring that staff matters were dealt with expeditiously.

In congratulating the award recipients, the

Governor encouraged all staff to continue performing well as the Bank's performance was based on individual and team performance. He urged those who did not receive awards not to relent but to continue with the spirit of hard work and aspire to be recipients in the years to come.

Speaking at the same function, ZUFIAW Acting General Secretary Mr Mutelo Mabengasaid their members were committed to cooperate with management in the development agenda as demonstrated during the 2016 collective bargaining session which was concluded under stressful macro-economic conditions.

Mr Mabenga said as social partners, the union had an obligation to cooperate with management of the Bank in the interest of industrial peace, greater efficiency and above all, higher productivity. He said workers organisations must acknowledge the basic tenets of efficiency to achieve competitive edge and satisfy customers and other stakeholders. He added that the union expected reciprocal returns to compensate workers for their effort in executing the organisational development strategies and goals.

The following were the recipients of the awards:

#### Most Vigilant and Alert

Mr Barji Milambo  
Mrs Harriet Simwanza Kausa  
Mrs Christabel Mwananshiku  
Mr Leonard Mulilalila

#### Most Disciplined

Mr Shadreck Mukuwa  
Mrs Beatrice Nalutongwe Kalale  
Dr Wilson C K Phiri  
Mrs Lizzie Daka Mbuzi

#### Most Dependable

Mr Chungu Kapembwa  
Ms Kolase Mwale  
Mrs Lilian Muchimba Sinyangwe  
Mr Calvin Sakala

#### 15 Years Long Service

Mrs Sylvia Muyobe Kalimukwa  
Mr Fidelis S Chamunda  
Mr Beldon Hamunjele  
Mr Lytons Luka Chiwowa  
Mr Abraham Kasapo  
Mr Noah Zulu  
Mr Rodgers Chisola Litho  
Mr Shadreck Mukuwa  
Mr Moffat Kauma  
Ms Musonda Kasoma

#### 30 Years Long Service

Mr Matthew Pandala  
Mrs Susan Kangwa  
Mr Davies Mutengo  
Mr Joseph Zifa Mphande  
Ms Masiliso Lubasi  
Mrs Lizzie Daka Mbuzi



Governor Dr Denny Kalyalya and Deputy Governor Administration Dr Tukiya Kankasa Mabula at the Labour Day prize giving Ceremony

# NATIONAL DEVELOPMENT THROUGH PRODUCTIVE DECENT WORK

By Zambanker Reporter

**Z**ambia Union of Financial Institutions and Allied Workers (ZUFIAW) BoZ Lusaka Branch Chairperson Mr Chingeni Ndhlovu has advised management and staff of Bank of Zambia to focus their efforts on what needs to be done in order to remain relevant in terms of positively contributing towards the agenda of achieving national development.



Mr Chingeni Ndhlovu

Speaking at the 2016 Award Giving Ceremony at the BoZ Social Club in Lusaka, Mr Ndhlovu said the 2016 Labour Day theme which was 'Achieving National Development through Productive Decent Work, Sustainable Job Creation and Social Justice,' fitted in very well with the Speaking at the 2016 Award Giving Ceremony at the BoZ Social Club in Lusaka, Mr Ndhlovu said the 2016 Labour Day theme which was 'Achieving National Development through Productive Decent Work, Sustainable Job Creation and Social Justice,' fitted in very well with the Government's national agenda, as well as the aspirations of the labour movement and the entire population of Zambia.

The 2016 theme identified Productive Decent Work, Sustainable Job Creation and Social Justice, as factors through which national development could be achieved. According to the International Labour Organization (ILO), the quest for Productive Decent Work should involve creating opportunities for work that delivered a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns regarding the work they do, participate in decisions that affect their lives and equality of opportunity and treatment for all men and women.

From this definition, Mr Ndhlovu said that it was clear that both workers and employers were faced with a challenge and both should commit to the objective of productive decent work and to pursuing cooperative solutions to this challenge. He called on Supervisors to be mindful and not ignore genuine concerns raised by subordinates, who were experiencing challenges during their work performances.

Mr Ndhlovu urged Heads of Departments to engage and involve

all employees in their respective Departments in understanding the 2016-2019 Strategic Plan and what was expected of them in order to attain what had been set. He said a situation where only few employees were selected to attend "September Day" sessions, where past performance was assessed and plans for the future mapped out was undesirable as such an action demonstrated a lack of inclusiveness in wanting to achieve the goals that the Bank had set out in its Strategic Plan.

Mr Ndhlovu stated that economic changes, especially economic downturns and the steep rise in unemployment in Zambia posed complex problems in coming up with good responses to stimulate sustainable job creation especially if it was without the participation of the Union. This was the more reason why the Government had always emphasised the involvement of the labour movement in such matters, so that progressive ideas could be shared in order to come up with progressive policies. Mr Ndhlovu also said that although the formulation of policies was the preserve of management, consultation with the Union was vital before these policies were passed.

He added that sustainable job creation policies should aim to encompass among other things, creating an adaptable skilled labour force, better utilisation of skills that workers had acquired so that they could remain relevant to the needs of the institution, supporting employment progression and skills upgrade for all employees and identifying talent and managing it for satisfying organisational requirements for success.

The Union Chief further said that having a skilled labour force that quickly adapted to change was essential for an institution like BoZ.

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# NATIONAL DEVELOPMENT THROUGH PRODUCTIVE DECENT WORK By Zambanker Reporter

Now that the retirement age had been increased to 65 years, he called on employees not to shun learning but to adapt to changes that took place in the institution so that they could positively contribute to national development.

An appeal was made to management to promptly respond to requests from employees who wanted to further their studies. He hoped the responses would be supportive of employees. Mr Ndhlovu said responses that were given long after

institutions of higher learning had opened did not demonstrate that the Bank was interested in seeing people upgrade their skills. Furthermore, he urged management to provide guidance to staff to pursue studies that were relevant to the work they were doing and to reward them whenever they performed well as a way of motivating them. Management should also come up with programmes to equip staff that had skill gaps especially after the reorganisation exercise. He said

management should consider staff that had acquired relevant qualifications for positions that were vacant before advertising them to external candidates.

The union also expressed happiness that negotiations for the 2016-2018 Collective Agreement were concluded in July 2016, well before the expiry date of the previous Agreement. Mr Ndhlovu said the outcome had been well received and he was hopeful that it would motivate employees to work harder.



Mr Davies Mutengo receiving his Long Service Award



Assistant Directors and other members of staff at the 2016 Award Giving Ceremony

# KNOW AND PLAN YOUR FINANCES TO LIVE A BETTER LIFE

By Dr. P.J. Pelham-Hazeley

The following presentation was given at the launch of the 2017 Financial Literacy Week Activities at the Mulungushi International Conference Centre on 28<sup>th</sup> March, 2017. The Minister of Finance Hon Felix Mutati launched the 2017 Financial Literacy Week Activities. Also present at the launch were the Governor of the Bank of Zambia Dr Denny Kalyalya, CEOs of PIA, SEC, BAZ, Financial Institutions and Development Organisations, Representatives from cooperating partners and Senior Government officials among others.

## Introduction

To be healthy means to be free from disease and pain, enjoying health and vigour of body, mind and spirit, being in good physical or mental condition. It also means you are strong, well and what you are doing is good for health.

## Present Global Health situation

Studies have been done by measuring the burden of disease – from all causes of loss of health, illness and death worldwide.

The top 10 causes of death worldwide shows that, of the 56.4 million deaths worldwide in 2015, more than 54% were due to the top ten causes.

Ischaemic heart disease and stroke are the world's biggest killer accounting for a combined 15 million death in 2015. This has been so since 2000. Others are Lower Respiratory Tract Infection, Chronic Obstructive Pulmonary Disease, Trachea and Lung Cancers, Diabetes, Alzheimer (dementia doubled) Diarrhoea Diseases, Tuberculosis and Road Traffic Accidents (RTA). HIV/AIDS is no longer among the top 10 causes of death i.e. 1.5 million in 2000 but 1.1 million in 2015. Pre-term birth and birth asphyxia have reduced since 2000.

## By Economic Income Group

More than half (52%) of all deaths were due to communicable disease, pregnancy and related conditions, leading to maternal death, nutritional deficiencies whilst only 7% in high income group. Lower respiratory infections were common in all groups.

In Zambia today, causes of death are as follows:

1. HIV/AIDS 20% ;
2. Malaria 12% - mainly pregnant women and under 5 in rural areas. Poor health



Deputy Governor Operations Dr Bwalya Ng'andu and Head – Communications Mr Kanguya Mayondi touring stands at Cosmopolitan Mall during the World Savings Day.

Non Communicable disease	Low income 37% e.g. also HIV/AIDS, TB, Malaria preterm RTA	World 70%	High income group 88% 9/10 e.g. colon and rectal cancer, diabetes
	78% in both group		
Globally RTA	Low income countries 28.58/100,000		
	Globally 18.3% deaths increased in both groups		

3. seeking habits;
3. Low Respiratory Infection 7% e.g. PTB overcrowding;
4. Protein Energy Malnutrition 5% - mainly remote areas lack of adequate protein rich meals 99% children;
5. Stroke 4%;
6. Diarrhea diseases 4%;
7. IHD 3%;
8. Syphilis 2%;
9. RTA 2%.

## Why do we need to know why people die?

This is important in assessing the health problem in the nation and how it competes globally and to help Government to focus

effectively in their actions.

- (i) There is need to know the causes or to find the risk factors and see how best, effective programmes can be put in place to help change and educate people, their lifestyles, help prevent these conditions and decide on how a nation and even individuals can know and plan their finances to live a better life.
- (ii) It will help countries to budget for health issues and for individuals to save their finances and allocate money for health issues.
- (iii) For developed countries, they have equipment and/or M & E systems for information collection compared to less developed countries. Data may be

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# KNOW AND PLAN YOUR FINANCES TO LIVE A BETTER LIFE

By Dr. P.J. Pelham-Hazeley

incomplete and steps have to be taken in collecting relevant information.

## Zambia

There is provision of healthcare but it is underutilized:

- Long distances affect people living in rural areas to access health facilities;
- Few health personnel available and so facilities are understaffed and facilities are overwhelmed;
- Medical bills in private clinics may inhibit use by low income earners;
- Health insurance cover is limited and not used by many people.

## Leading causes of death in Zambia

There is a major increase of NCDs in Zambia. These are Cardiovascular Diseases, Diabetes Mellitus (type II), Cancers, Chronic Respiratory



Dr. Pelham Hazeley

Diseases, Epilepsy, Mental Illnesses, Oral Health, eye Diseases and Injuries (RTA and Burns). These are mainly due to lifestyles, poor diet, alcohol, smoking, lack of exercise, etc.

## My Experiences

In my experience, these have been the examples we have come across with patients at our clinic.

- a) They fall ill suddenly and they need medical help. They do not want to go to a Government facility. They don't have any money to pay and have to leave a bill to be paid later on appeal, knowing very well that they are going to a private clinic or hospital.

- b) They may come requiring urgent attention but only pay for consultation. They promise to pay the next day, call on relatives to help or may pay a deposit and promise to pay the balance later or call on other relatives to help with the bill.
- c) They may be regular members who use the facility and promise to pay later or ask that the bill be sent to them.
- d) Others use their prominence in society to pay later.
- e) For chronic conditions, they may ask that their patients should be attended to and a bill sent to them or the company where they work.
- f) They may pay the initial bill but fail to pay the balance especially if the patient is transferred to the hospital or dies e.g. a family once told us to look at the name on the bill and take the bill to the patient who at that time had already died and was buried.
- g) Some bring an ATM card without sufficient funds and promise to bring the payment the next day but fail to do so.
- h) Others will pretend that the company will pay for them. They ask for a statement to take to the company and never return.
- i) Others will see the doctor, do the tests and query the bill. They may pay what they have and either ask for a prescription to buy drugs from other stores, which in most cases is the substitute of the medication. They may find the drugs expensive and come back to buy from us.
- j) Those with chronic diseases may just buy medication off the counter or may not come for review.

## Rural Population

There has been a rapid growth in population from above 3 million in 1964 to 15 million and the average life expectancy at birth has increased from 40.5 years in 1998 to 59 years for men and 65 years for women. This rapid growth places an increasing burden on the economy, particularly Zambia's capacity to keep pace with the health

needs of this increase in population and its dynamics.

Above 80% of medical conditions presented in health institutions are related to poor environmental sanitation, including water and food borne diseases due to traditional and environmental factors. It is therefore important that:

- People in rural areas are encouraged to have Small Medium Enterprises (SME) to help them grow and plan their finances;
- This is true for people in urban areas as well for them to live a better life;
- There are people who have been employed for years but:
  - Do not have any savings;
  - Have not been able to build a house;
  - Have no money available for emergencies e.g. if they fall ill;
  - Do not understand the need to stay healthy and prevent serious illnesses e.g. cholera, cancers;
  - Do not realise the importance of seeking medical help sooner for themselves or if a family member falls ill or are diagnosed with any serious diseases;
  - They are retrenched and have gone back to the rural areas without any plan;
  - May have lost their job or are disabled and do not know what to do;
  - Have serious health outcomes and cannot cope;
  - Are clinically ill and are a burden to their families.

## In Conclusion

There is need to educate people early on knowing how their finances can be planned and how to prepare for a rainy day 'to cut their coat according to their size' as a Sierra Leonean proverb states. The need to depend on Government is changing as the world's economy is fluctuating. Some cultural values have to change. Depending on other members of the extended families has to be addressed.

Our families will be in trouble when parents die without a plan.

We need to teach our children how to know and

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## KNOW AND PLAN YOUR FINANCES TO LIVE A BETTER LIFE

By Dr. P.J. Pelham-Hazeley

plan their finances. Rich people provide everything for their children who most often do not value it. They get into trouble at the demise of their parents. The use drugs, alcohol, get into debt, etc. They need to be told and helped to have good financial discipline as is the case in some countries and now even in Zambia. Parents are encouraged to not only open a bank account for their children but they are also encouraged to have a weekend or holiday job so they could save the money earned.

As such, the financial literacy week is welcome, it should be a continuous event and be available all over the nation both in urban and rural areas e.g. for farmers, fishermen, traders, etc.

Having health insurance in the public and private sectors takes care of the medical needs of our people because:

- Uninsured people receive less medical care and may not be able to access medical help on time;
- They may have problems being on long term therapy;
- Some people may feel they don't fall ill regularly and there is no need for insurance, but emergencies may happen when they are less prepared;
- Their medical outcome may be worse.

However, in the case of Zambia, access must be given to people in the rural setting with various premiums e.g. farmers who may have their finances once a year or staggered could be considered under low income groups. Insurance companies should know and plan their finances to be able to pay the health providers on time and set proper and healthy relationships for their patients. Planning and knowing one's finances for a better life is not only important but highly necessary because a healthy nation is a productive nation.

*The Author is an Executive Director of P.J's Primary Medical Centre in Lusaka*

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## ISLAMIC BANKING

By Zambanker Reporter

Islamic financing may, therefore, contribute positively by increasing the number of people accessing financial products as well as the range of financial products available in the market.

The rate at which Islamic finance is growing around the world suggests that it is destined to be a significant global force in the not so distant future. In Malaysia, for instance, more than 40% of account holders in Islamic banks are actually non-Muslims.

Dr Ng'andu further stated that although currently, Islamic finance represented a very small percentage of global financial assets, reports indicated that Islamic banking had been out-performing conventional banking in the last ten years during which its penetration had increased in excess of 15%.

Specifically sharia compliant banks are reported to have grown globally by 17% between 2009 and 2013. Islamic financial assets have also increased drastically with assets building to US\$1.8 trillion in 2013 in contrast to US\$200 billion in 2003.

Other countries apart from the Gulf Cooperation Council countries, Iran and Malaysia are the bedrock of Islamic financing, embracing sharia compliant financial products.

Included among non-Muslim countries that are moving in this direction are the United States of America, Germany, Luxembourg, Switzerland and the United Kingdom which in fact became the first country outside the Islamic world to issue in July of last year a sovereign Sukuk, which is another name for a sharia compliant bond.

In Africa, Mauritius, South Africa, Nigeria, Egypt, Mauritania, Sudan, Morocco, Kenya, Mozambique, Tunisia and Zambia, are either full or associate members of the Islamic Financial Services Board (IFSB). A number of these countries have already established Islamic Banks, while others are offering windows through which sharia compliant products could be delivered.

What these developments signify, is that sharia financing will become in due course part of the mainstream global financial system with immense resources backing it.

Furthermore, perhaps it is vital for the various players in the market to understand that Islamic financing embodies financial arrangements which are just as elaborate, and in some respects, similar to those which characterize the conventional financial system. These include capital markets, insurance companies, commercial banks, investment

funds, fund managers, just to name a few, and the various products and services on offer, would help in removing the notion that Islamic finance was exclusively for Muslims.

Islamic financing may, therefore, contribute positively by increasing the number of people accessing financial products as well as the range of financial products available in the market.

It is not inconceivable that by getting more customers to participate in the banking system, Islamic banking could stimulate an increase in the percentage of the currency in circulation back into the banking system in contrast to the high levels of currency in circulation that is known to be currently outside the banking system. This is a development that could also positively impact the conduct of monetary policy in this country.

It has been noted that in Zambia, with the exception of a relatively small Muslim community, very few, if any, non-Muslims seek out sharia compliant financial products in the market.

From the perspective of the financial service providers, however, it is essential that Islamic financial products are rolled out beyond the confines of the Muslim community for them to constitute viable business lines which banks and other institutions can meaningfully pursue.

This means that there is an urgent need for a critical mass of potential users of sharia compliant products for Islamic finance to become profitable business in Zambia. If we are not able to achieve this, it is unlikely that the delivery of Islamic financial products would take hold.

The Deputy Governor stated that there were currently no Islamic financial products on offer in the country due to the fact that there was an absence of a cadre of well-trained financial service professionals able to competently deliver these products to the required standard as well as the lack of demand for these products.



Some of the delegates who attended the Islamic Finance and Banking Workshop

**PHOTO FOCUS**



Delegates who attend the SADC Business Continuity Management workshop at the Radisson Blu in Lusaka.



Mrs Andygean Luombe (c) receiving a certificate of attendance from the SADC Business Continuity Management workshop Programme Organizers.



Part of the delegates who attended the 2016 Foreign Private Investment and Investor Perception Survey Dissemination Workshop.



Assistant Director Mr Ivan Zyuulu (l) and Director Economics Dr Francis Chipimo (r) with a delegate at the 2016 Foreign Private Investment and Investor Perception Survey Dissemination Workshop.



BoZ Secretaries who attended the 2017 Office Managers International Symposium at the Avani Hotel in Livingstone.



(l-r) Mr Noah Zulu, Ms Barbra Muntanga and Mr Royd Manenga at their graduation ceremony when they obtained their Master of Arts Degrees in Economic Policy Management at the University of Zambia.



Senior Director Mr Chisha Mwanakatwe with Regional Office members of staff at the 2016 end of year function.



Female employees listening to a presentation on managing personal finances in the Auditorium.



Directors of the Board and senior management staff during the tour of the Mopani Mine in Kitwe.



Directors of the Board and senior management being met on arrival at Mopani Mine by Ms Chuma Kabaghe, Manager Corporate Affairs.



Mr Alex Granger, a motivational speaker addressing employees at the launch of the 2016 – 2019 Strategic Plan in Ndola.



Minister of Finance Hon. Felix Mutati with Senior Bank Officials at the sensitisation session of the 2016 – 2019 BoZ Strategic Plan to external stakeholders.



Regional Office employees at Protea Hotel in Ndola.



Regional Office ZUFIAW Union Officials with senior management staff at Protea Hotel in Ndola.



Deputy Governor Administration Dr Tukiya Kankasa – Mabula (r) with former Barclays Bank CEO Mr Saviour Chibiya and Mr Isaiah Chindumba of Investrust Bank.



Mr Kelvin Kapota, Section Officer – Currency Accounts (BCPS) receiving a Labour Day Award from the Governor while other senior officials look on.

# FEMALE STAFF TUTORED ON MANAGING PERSONAL FINANCES

By Zambanker Reporter

**In commemoration of the International Women's Day, which fell on 8<sup>th</sup> March 2017 and the National Financial Literacy week, the Human Resources Department organised an in-house financial literacy presentation for female employees conducted by PSP Executive Mentoring.**

Personal Success Planning (PSP) Limited is an international organization dedicated and committed to supporting conscious leadership. Their programmes inspire, empower and equip professionals with practical tools and resources on personal financial management and investments for optimal financial wellness.

The presentation which was attended by most female employees was designed to raise awareness on managing personal finances and to provide solutions to common financial frustrations such as insufficient income from real estate investments, non-performing investment portfolio, unstructured personal wealth plan, extended family commitments and obligations as well as bad debt overshadowing good debt.

Deputy Governor Administration Dr Tukiya Kankasa-Mabula who officially opened the workshop said she was glad that PSP Executive Mentoring was providing insights on how to plan personal finances, debt management and investment strategies so that women could contribute to enhancing their living standards. She hoped that the presentation would give female employees a better understanding and appreciation of the various approaches to deal with personal finances, investment and savings peculiar to the needs of women.

'As you may be aware, we as women have motherly hearts and find ourselves being the cushion of most financial challenges and burdens in our families. At a country level, we

represent 51% of the Zambian population (Finscope 2015). In addition, the Global Banking Alliance for Women, Global Women's Survey Report found that women were strong savers, prudent borrowers and loyal customers,' she said.

Dr Kankasa-Mabula also pointed out that women continued to be underserved and unrepresented in most spheres and this had contributed to the 9% gender gap. The McKinsey Global Institute 2015 Report found that advancing women's equality can add US\$12 trillion to global growth by 2025. 'So it's not by coincidence that we are having this workshop for women only,' she added.

The BoZ Deputy Chief reminded the female employees that they present a strong business case and opportunities for financiers as well as other market players. She said women play a big role not only in the economy but also at a global level. 'It is time to raise the bar with what we do with our finances. It's time to make bold decisions,' she added.

Dr Kankasa-Mabula hoped that the workshop would be an epiphany for all women on how to manage their finances. She further hoped that lessons learnt would be implemented. She said the female employees should consider themselves privileged among so many Zambian women because they had a guaranteed disposable income at the end of the month. She

urged them to Save first before they Spend and to embrace the formula Income minus Savings equal Expenditure.

The Deputy Governor said good financial planning can help women stop living beyond their means and having stressful lives. She encouraged BoZ female staff to embrace the culture of saving for a better tomorrow for them and their children.

Ms Caroline Marsh and Ms Chisha Kumisuku, both Directors of PSP Executive Mentoring were the resource persons for the workshop.

Ms Marsh is one of Britain's leading female property investor and an inspiration to thousands. In 2008, she was catapulted into media limelight when she featured on BBC as 'the secret millionaire.' She is the Chairperson of Kingdom Property Lettings UK, Director Accounting for Hospitality UK, PSP Zambia and Elomax Ventures Zambia Limited.

Ms Kumisuku is a Chartered Accountant by profession having worked for KPMG and PriceWaterHouseCoopers (PWC) and has an International Certificate in Wealth and Investment Management. She is part of the Graca Machel Trust's Women Creating Wealth Programme in Zambia as the lead coach in business and personal finance. She has been involved with the Bank of Zambia Financial education Unit during the National Financial Literacy Week and World Savings Day. She runs her own business – Medicare Opticians.



Female employees who attended the presentation on managing personal finances

# PERSONALITY PROFILE

**Zambanker:** When and where were you born?

**Francis:** My full names are Francis Mwape Bwalya, I was born in Luanshya on the Copperbelt Province on the 30<sup>th</sup> September 1965.

**Zambanker:** What is your family history – number in the family and status of your parents, brothers and sisters

**Francis:** We were 8 children born from one Father and Mother, that's four men and four ladies. My Father worked as a Teacher in Mpulungu but later changed his career to become an Accountant. He later moved to the Copperbelt in Luanshya and joined the Mines until his retirement. My parents are now settled in Ndola Rural at Mishikishi along the Great North Road engaged in farming on a small scale.

Two of my sisters are Teachers; one based in Kitwe while the other one is in Lusaka. My other sister works for Nemchem International and the other one is with Songaie Investments. One of my brothers is a Pastor and the other one is helping my parents at the farm. I lost my third brother some years ago.

**Zambanker:** Where and when did you start schooling and what has been your academic path since then?

**Francis:** I started my Nursery School at Twachuka Community Centre (commonly known as Ku Domestic) in Luanshya. I started my Grade 1 at Kansumbi Primary School and in Grade 3 I moved to Nkambo Primary School where I finished my Grade 7 and proceeded to Form 1 up to Form 5.

I went through some challenges during my secondary school life as I was staying with my parents in a Township called Mpatamato and my Secondary School was in Roan Township. The challenge was that I needed to use buses to go to school. At times I was short of transport money and was forced to miss school as the distance between the school and home was 12.5 kilometres. This meant that I was covering a



Mr Bwalya

distance of 25 kilometres every day. On a lucky day, I would catch a lift from my colleagues who had bicycles.

**Zambanker:** What did you do after secondary school?

**Francis:** Immediately after Secondary school, because of some facilities my parents had in the Mines, I joined the Mines and was assigned to work in the Maintenance Section under the supervision of the Artisan. Our main role was to carry out repairs on the houses which belonged to the Mines.

After three months of doing this job, I realised that if I continued to work I would not progress in my life and my potential would not be fully utilised, so at 19 years of age I made a decision to raise some money. I made a move and left the Mining environment in search of other things to do and after six months of working, I managed to raise enough money.

It was hard to break the news to my parents as I was only 19 years old - that I was going to travel to Lusaka to go and look for employment. When I informed my parents, I immediately received a negative answer, citing various reasons; one of them being that I was the first born and they wanted to do everything for me before they released me to become independent. Nevertheless, I stood my ground and moved to Lusaka with the intention of joining the Bank of Zambia

Volleyball Team.

I spent my first night in Lusaka at a Tavern called Katichi Katichi in Kaunda Square Stage 1. The following morning, I met and joined some BoZ Volleyball players who were travelling to Kafue for a tournament and during the tournament I was given an opportunity to partake as a guest player. In the team, under the club management, were some Bank employees namely Peter Kombaniya, Elijah Phiri, Isaac Chimombo and Mr Chikwanda (all deceased) who were very happy with me and they immediately accepted me to be a member of the team and I was also given the Game allowances. I felt that an opportunity to life had been availed.

Since the team was active and fully sponsored by the Bank of Zambia and incorporated in the Zambia Amateur Volleyball Association (ZAVA), we were entitled to Training and Game allowances. From the same weekly training and game allowances, I started sponsoring myself at school. The first short course I attended was Stores and Stock Keeping Management, which was organized by Zambia Institute of Management (ZAMIM) at Emmasdale Campus and further proceeded to do the full Level One Certificate in the Chartered Institute of Purchasing and Supply (CIPS) until I completed my Professional stage (Level 6).

**Zambanker:** Did you pursue any postgraduate studies, if so when and where?

**Francis:** Yes, after I completed my CIPS level 6 and worked for some years. I noticed so many challenges in my career as well as at the work place, and in 2010 I was prompted to pursue my Master of Science in Supply Chain Management (Msc) with University of Bolton in collaboration with the In-Service Training Trust at the Natural Resources Development College (NRDC). It was the first Cohort to be coordinated in Zambia, which I completed in 2012. The

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# PERSONALITY PROFILE

course has really helped me at work, as well as in my social life since I normally interact with my fellow Procurement Specialists and Supply Chain Management Consultants.

**Zambanker:** Was your career path in line with your childhood ambitions?

**Francis:** No, my ambition was to become a Soldier. I had this fascination of seeing soldiers in uniform, especially when they wore their berets and folded their shirt uniforms. Again my parents opposed to it. The minimum entry qualification into the Zambia Army was the completion of Form V which I had, so when recruitment commenced, I defied my parents' orders and walked 15 kilometres to the pick-up point. Fortunately or unfortunately, by the time I arrived at the pick-up point, the bus had already left.

**Zambanker:** What prompted you to join the Central Bank? When did you join the Bank and how has your career path been like?

**Francis:** As I was a Volleyball player for Bank of Zambia team, I started developing interest to join the Central Bank and become an Accountant. In January 1992 I was among the 16 casual workers who were employed to help offload the backlog in Banking Office. We worked for 6 months and the contract expired. Three months later only 8 of us were recalled to join the Bank.

Unfortunately, the message did not reach me in time. Just as my file for medicals was about to be sent back to Bank of Zambia from St Johns Hospital, a Mr Eddie Chekwe from the Human Resources Department



Mr Bwalya and his wife Susan with two of their children Karren and Darren



Mr Bwalya at his graduation when he obtained his professional Diploma in Chartered Institute of Certified Accountants (CIPS)

advised me to go for a medical check-up.

Since I was late, all other seven mates were employed in the Currency Office. After several follow ups, I ended up being employed at Bank of Zambia Club House as a Gardener cleaning the environment at the club. Later, the Club Manager deployed me and gave me the role of cleaning dishes as at that time, the BoZ Club used to serve lunch to employees and outsiders. I went on to become a waiter until 1994 when the Bank of Zambia underwent the Restructuring Exercise and club house was one of the areas the Bank stopped funding for their operations.

I thank God that out of 22 Club House employees, I was the only one who survived and I had nowhere to go but I was on the payroll and the Bank assigned me to be buying and taking care of all the Beverages. Because of the magnitude of the work, a Mr Binwell Sikazwe was returned as Barman and joined me.

We started alternating the days of purchasing and selling at the Bar. This

prompted me to have interest in Purchasing and Stores Management, and the first thing I did was to sponsor myself for a two weeks training course in Stores and Stock Keeping Management, which was organized by the Zambia Institute of Management (ZAMIM). Thereafter, I started sponsoring myself and pursued The Chartered Institute of Purchasing and Supply till I completed my Professional stage and was awarded a Corporate Membership by the Chartered Institute of Purchasing and Supply of United Kingdom (UK).

I was transferred from the club house to be Human Resources Officer under Administration and I became a Supervisor for Office Orderlies, then to Stores as Stores Clerk and later moved to Procurement Division as Assistant Purchasing Officer. After restructuring I was appointed as Procurement Officer and after some few years transferred to Expediting Section as Contracts and Expediting Officer and finally promoted to my current position of Assistant Manager – Contracts Administration and Expediting.

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# PERSONALITY PROFILE

**Zambanker:** Tell us about your personal life. Are you married? Any children?

**Francis:** I am blessed with a Ngoni woman by the name of Susan Lungu Bwalya who has given me two boys and four girls. She is running various small business like selling school uniforms and jerseys. My first born son, Darren Bwalya is currently pursuing ACCA at Zambia Centre for Accountancy Studies (ZCAS) and he is now in the final stage of his course. My second daughter is studying Medicine at APEX University and she is now in her second year. The third born daughter is in Grade 9 this year, the fourth born is in Grade 5, the fifth in Grade 3, last one is still a baby.

**Zambanker:** Do you have a role model? What is peculiar about this person i.e what is it that you admire about this person?

**Francis:** My role model is the late Dr Myles Munroe. He is a person who did wide research on identifying potential in oneself. Most of his books I have read have taught me a lot in identifying my potential, to be determined and persistent to achieve goals. I have also learnt through his books, that failure is the best teacher to prosperity.

I admire the way he offloads his knowledge and how he articulates issues especially when he is conducting a church service or a workshop. He is really my role model and I know one day I will have similarities with him.

**Zambanker:** What makes you tick?

**Francis:** To achieve any plans, goals or vision all it takes is determination, persistence and action, when I set a goal I make sure that I succeed despite any difficulties or challenges, because I believe the best achievement or success goes along with strong hurdles on the way.

**Zambanker:** What is your favorite

pastime?

**Francis:** It is written in the Bible in Proverbs 22 : 6 that “Train up a child in the way he should go, and when he is old he will not depart from it”. So during my time away from work and business I normally mentor my children on education, investments for their better future and their grandchildren. Even at church, I often talk to youths in the same lines I talk to my children and the pastoral team appreciate me in that regard.

**Zambanker:** What are your future plans? What plans do you have after Bank of Zambia?

**Francis:** I would like to start studying Law at the end of this year, which I hope to complete before I leave the Bank in the next 3 or 4 years. After leaving the Bank, I would like to open up a law firm.

In addition to practicing Law, I would like to continue doing business. I sell laptops, computers and computer accessories, cell phones and school uniforms which I buy from China but my wife knits jerseys. I would like to open a shop for uniforms, as for phone and computer accessories, I would like to reopen the shop I once had.

**Zambanker:** What encouragement would you give others wishing to reach your status in society?

**Francis:** I would encourage everyone to follow their dreams and not listen to what

people say. When one has a vision, they should be determined, persistent and act on materializing their vision.

A good example is when I decided to do my Masters, I was discouraged by a lot of colleagues, but since that was my vision, I went ahead to pursue it.

**Zambanker:** What has been your most exciting moments in your career and what has been your worst moments?

**Francis:** My most exciting moment in the Bank was in 2012, when Management recognized that I could contribute to the Bank's Strategic Plan by promoting me from Procurement Officer to Assistant Manager – Contracts Administration and Expediting.

My worst moment in the Bank is to walk around with the stigma that people in the Procurement Department get kick-backs from service providers as well as the realization that this thought chain cannot be changed. I have come to realise that I need to maintain my integrity despite what people may think.

**Zambanker:** Any other information about myself that I think would be of interest to Zambanker Readers

**Francis:** In life, you need to share information because your story can be life-changing for others. That's the main reason why I decided to share mine with the Zambanker.



Mr and Mrs Bwalya

By Zambanker Reporter

In its pursuit to maintain excellence, the Bank has recruited twenty three employees since the publication of the last Zambanker. The new recruits joined the Bank between August 2016 and end of March 2017 in the Information and Communication Technology, Procurement and Maintenance Services, Banking, Currency and Payment Systems, Financial Markets, Non-Bank Financial Institutions Supervision, Finance Departments and Regional Office.

Banking, Currency and Payment Systems (BCPS) Department received six new faces during the period under review. These were Ms Chaulele Mwiinga, Mr Bwalya Kakosa, Mr Chilumba Moses Simumba, Mr Mbachu Chibwe Kaunda, Ms Astridah Mwansa Mwandia and Mrs Valerie Chooka Kasonka.



Ms Chaulele Mwiinga joined BCPS Department on 2<sup>nd</sup> August 2016 as a Note Examiner. She has a CAT qualification and is currently studying ACCA level 2. She is a member of ZICA and ACCA.



Mr Bwalya Kakosa joined BCPS Department as an Assistant Manager - Currency Front Office on 3<sup>rd</sup> January 2017. He has a Bachelor of Arts Degree from the University of Zambia. Before joining the Bank, he worked for Barclays Bank Zambia as a Foreign Currency Investigator. He is a member of the Zambia Institute of Marketing.

Mr Chilumba Moses Simumba joined the Bank as an Assistant Manager - Cheque Processing and Payment Systems on 3<sup>rd</sup> January 2017. Mr Simumba holds a Bachelor of Science degree from the University of Zambia and a Master of Business Administration in Finance from the Copperbelt University. He had worked in the BoZ as a Note Examiner, Barclays Bank of Zambia as a Payment Team Leader - Commercial Operations and at Investrust Trust Bank where he worked as a Manager - Foreign Operations before returning to the Bank in his current capacity.

Mr Mbachu Chibwe Kaunda joined the BCPS team on 3<sup>rd</sup> January 2017 as a Researcher.

Ms Astridah Mwansa Mwandia joined the BCPS team as an Assistant Manager - Tellers and Staff Ledgers on 16<sup>th</sup> January 2017. She

# NEW FACES

holds a Bachelor of Arts degree in Development Studies from the University of Zambia and a Master of Business Administration from the University of Leicester. She worked for Barclays Bank Zambia Plc as Retail Support and Cash/ATM Custodian before joining the Bank.



Mrs Valerie Chooka Kasonka joined the Bank as an Assistant Manager - Currency Front Office based on 13<sup>th</sup> February 2017.

Three of the new employees joined Financial Markets Department and these were Mr Finzi Edwin Mwezani, Mr Liuwa Liuwa and Ms Anita Mwale.



Mr Finzi Edwin Mwezani joined the Bank on 1<sup>st</sup> September 2016 as an Analyst - GRZ Securities Dealing. He holds a Bachelor of Arts degree in Economics from the University of Zambia. He worked for the United Bank for Africa as an Assistant Manager - Treasury Front Office before joining the Bank. Mr Mwezani is a member of the Institute and Faculty of Actuaries as well as ACI Zambia.

Mr Liuwa Liuwa joined the Financial Markets team on 1<sup>st</sup> November 2016 as an Operations Assistant.



Mrs Anita Mwale joined the Financial Markets team on 13<sup>th</sup> February 2017 as an Assistant Manager - Monetary Ratios and Standing Facilities. She has a Bachelor of Business Administration degree in Banking and Finance from the University of Namibia and a Master's degree in Finance from the Copperbelt University. Ms Mwale worked for Stanbic Bank in the Treasury department and later BancABC where she worked as an Assistant Manager - Treasury Back Office before joining the Bank. She is a member of ACI and Bankers Association.

Regional Office had four new faces in the names of Mr Oscar Sichamba, Mr Kasha Gregory Kangalu and Mr Muyambango Mwendabai and Mr Francis Kalaluka Muleta.

Mr Oscar Sichamba joined the Bank as a Technologist - Maintenance in the

Procurement and Maintenance Services Department on 7<sup>th</sup> November 2016. He holds a Diploma in Mechanical Engineering and a Mechanical Fitting Craft Certificate from the Northern Technical College (Nortec). He worked for the National Vocational Rehabilitation Center as a Maintenance Officer, Zambia Breweries Plc where he worked as a Maintenance Controller and later Kansanshi Mining Plc where he worked as a Mechanical Maintenance Planner before joining the Bank. Mr Sichamba is a member of the Engineering Institute of Zambia and the Engineering Registration Board.



Mr Kasha Gregory Kangalu joined the Bank as an Assistant Manager - Currency Front Office in the Banking, Currency and Payment Systems Department on 3<sup>rd</sup> January 2017. He has a Bachelor of Accountancy degree from the Copperbelt University. Mr Kangalu also holds a Diploma in CIMA - Management Accounting and is a ZICA Licentiate. He worked for BancABC in various positions after which he joined the United Bank for Africa where he worked as a Branch Operations Manager before joining the Bank. Mr Kangalu is affiliated to CIMA and ZICA.



Mr Muyambango Mwendabai joined the Regional Office team as an Assistant Manager - Currency Operations in the BCPS Department on 3<sup>rd</sup> January 2017. He holds a Bachelor of Arts degree in Business Studies from the University of Greenwich and an Advanced Diploma in Business Administration from the Association of Business Executives. He worked for Investrust Bank Plc as a Cash Operations Manager before joining the Bank. He is also an Associate member of the Association of Business Executives.



Mr Francis Kalaluka Muleta joined the Bank on 3<sup>rd</sup> January 2017 as a Records Officer in the PMS Department. He holds a Diploma in Records Management from the National Institute in Public Administration (NIPA) and a Diploma in Computer Science and Information Processing from Evelyn Hone College. He



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By Zambanker Reporter

worked for the Zambia National Building Society as an Archives and Records Officer before joining the Bank. He is a member of the International Council on Archives.

Mr Andrew Mooto Muyawa joined the Bank on 3<sup>rd</sup> January 2017 as a Records Officer in the Executive Office. Mr Muyawa holds a Diploma in Library and Information Studies from the Evelyn Hone College. He is a final year student at the



University of Zambia pursuing a Bachelor of Arts degree in Psychology and Development Studies. He is a member of the Library and Information Association of Zambia (LIAZ). He worked for Zambia Revenue Authority as a Registry Officer before joining the Bank.

Four new employees joined the Finance Department. These were Mr Kamfwa Francis Mulenga, Mr Manns Hachibozu, Mrs Mercy Chibale Chipungu and Mrs Sitembile Chiyanzo Lubemba.



Mr Kamfwa Francis Mulenga and Mr Manns Hachibozu joined the Bank on 3<sup>rd</sup> January 2017 as Senior Accountant – Financial Reporting and Senior Accountant – Reconciliation respectively.

Mr Kamfwa Francis Mulenga holds a Bachelor of Accountancy degree from the Copperbelt University and a Master of Business Administration from the Heriot Watt University. Mr Mulenga is a fellow of the Chartered Institute of Management Accountants (FCMA), Chartered Global Management Accountant (CGMA) and the Zambia Institute of Management Accountants (FZICA). He worked for Lafarge Cement Zambia Plc, Afrox Zambia Limited and the National Water Supply and Sanitation Council (NWASCO) where he worked as a Finance and Administration Manager before joining the Bank. He is currently serving as a member of the Board of Trustees of Professional Life Pension Trust Fund.

Mr Manns Hachibozu holds a Bachelor of Accountancy degree from the Copperbelt University, ACCA and an MBA with a bias towards Strategic Planning from the Heriot

# NEW FACES

Watt University in the United Kingdom. Mr Hachibozu is a member of the Audit Committee for the Ministry of Energy and Water Development. He worked for Zambia Sugar Plc and later Zambia Revenue Authority where he worked as an Internal Audit Manager – Information Systems before joining the Bank.



He is a fellow of the Association of Chartered Accountants (FCCA), Zambia Institute of Accountants (FZICA) and is also a member of the Global and Local Institute of Internal Auditors.

Mrs Mercy Chibale Chipungu joined the Bank on 27<sup>th</sup> March 2017 as an Assistant Accountant – Data Entry. She holds a CAT qualification and is currently studying ACCA level II. She worked for Cavmont Bank Limited as an Administration Support before joining the Bank and is a student member of ACCA and ZICA.



Mrs Sitembile Chiyanzo Lubemba also joined the Finance team on 27<sup>th</sup> March 2017 as an Assistant Accountant – Financial Management. She holds an ACCA level II qualification and is a member of ACCA and ZICA. She worked for PricewaterhouseCoopers (PwC) before joining the Bank.



Procurement and Maintenance Services (PMS) Department received one new face during the period under review. This was Mr Martin Mwamba Bwalya who joined the department on 3<sup>rd</sup> January 2017 as a Records Officer. He holds a Diploma in Library and Information Science from the Evelyn Hone College and is currently pursuing a degree programme in Library Studies at the University of Zambia. Mr Bwalya worked for PricewaterhouseCoopers (PwC) as a Records Management Officer before joining the Bank.

Mrs Mambwe Chibale joined the Non-Bank

Financial Institution Supervision on 3<sup>rd</sup> January 2017 as an Analyst – Licensing and Enforcement. She holds a Bachelor of Business Administration degree and a Master of Business Administration in Finance both of which were obtained at the Copperbelt University. Mrs Chibale is an Associate Retail Banker. She is a member of the Chartered Financial Analyst (CFA) Institute and is a level 2 candidate in CFA.



She worked for BancABC as a Senior Branch Manager at the Southern Sun Branch before joining the Bank.

Information and Communications Technology received three new employees. These were Mr Morton Kazembe, Mr Katuta Gilchrist Kaunda and Mr Ifunga Ndana.

Mr Martin Kazembe joined the Bank on 9<sup>th</sup> January 2017 as a Client Support Specialist.

Mr Katuta Gilchrist Kaunda joined the Bank on 27<sup>th</sup> March 2017 as a Software Engineer – Application Support. He holds a Bachelor of Science degree in Computing from the University of Greenwich. He worked for the University of Zambia as a Senior Systems Developer before joining the Bank. Mr Kaunda is a member of the Computer Society of Zambia.



Mr Ifunga Ndana joined the Bank on 27<sup>th</sup> March 2017 as a Software Engineer – Application Development in the Information and Communications Technology Department. Mr Ndana holds a Master of Science degree in Information Systems Management and a Bachelor of Science degree in Computing from the University of Greenwich. He also holds an International diploma and International Advanced diploma in Computer Studies from the National Computing Centre – United Kingdom. Mr Ndana worked for the Broadreach Corporation as a senior Software Developer on smartcare, an electronic health record system. He is a member of the Computer Society of Zambia.



# TRANSIENT ISCHEMIC ATTACK - Mini-stroke

By Mercy Wasomwe

**A** Transient Ischemic Attack (TIA) is a temporary lack of blood supply to the brain. This can happen when one of the arteries that supply the brain with oxygen and nutrients becomes blocked. Unlike a stroke, in a TIA, the blockage is brief and there is no permanent damage.

## WHAT CAUSES A TIA

The blockage of blood vessels may be due to several causes which include;

- **Thrombus** i.e. a blood clot blood that has formed elsewhere in the body and travels and blocks the blood vessels supplying the brain, causing a TIA.
- **Atherosclerosis** i.e. a buildup of cholesterol-containing fatty deposits called Plaques in an artery or one of its branches that supplies oxygen and nutrients to the brain. The plaque build-up narrows the lumen of the arteries and with time, blood flow to that side of the brain is reduced and a TIA may occur as a result.

## WHAT ARE THE RISK FACTORS CONTRIBUTING TO TIA?

A risk factor is something in a person's physical condition or health habits that increase the chance of developing a medical condition such as TIA. Some risk factors are present at birth, some are the result of normal changes such as aging, and some are the result of lifestyles.

### The risk factors that you can't change

You can't change the following risk factors TIA and stroke, but knowing you're at risk can motivate you to change your lifestyle to reduce the risks.

#### Family history

Your risk may be greater if one of your family members has had a TIA or a stroke.

#### Age

Your risk increases as you get older, especially after age 55 although it can occur at any age.

#### Gender

Men have a slightly higher likelihood of TIA and stroke, but more than half of deaths from stroke occur in women.

#### Sickle Cell Disease

stroke is a frequent complication of this inherited disorder. Sickle-shaped blood cells carry less oxygen and also tend to get stuck in artery walls, hampering blood flow to the brain.

### Risk factors you can take steps to control or change

Having one or more of these risk factors doesn't mean you'll have a TIA, but your risk particularly increases if you have two or more of them.

#### High Blood Pressure

Risk of TIA begins to increase with hypertension. Hypertension can be controlled through combination of diet, exercise stress reduction and



Mercy Wasomwe

medication

#### High Cholesterol

High levels of cholesterol and triglycerides can contribute to the development of atherosclerosis leading to TIA, stroke and heart diseases. Eating less cholesterol and fat, especially saturated fat and trans fats, may reduce the plaques in your arteries.

#### Stress

Most people have stress in their lives. however too much stress may contribute to the risk of TIAs and stroke. Stress can cause the heart rate to increase, the blood glucose levels to raise, and fats in the blood stream. stress also leads to unhealthy life styles such as smoking, high alcohol consumption, lack of physical activity and poor food choices.

#### Diabetes

Diabetes often leads to high blood pressure and high levels of cholesterol in the blood which increases the severity of atherosclerosis

#### Excess weight

A body mass index of 25 or higher and a waist circumference greater than 35 inches (89 centimeters) in women or 40 inches (102 centimeters) in men increase risk of TIAs. people who are overweight also tend to have other risk factors such as physical inactivity, diabetes, hypertension, and high blood cholesterol.

#### Cigarette smoking

Smoking increases your risk of blood clots, raises your blood pressure and contributes to the development of plaques in your arteries. Nicotine raises your blood pressure. The carbon monoxide in cigarette smokes reduces the amount of oxygen your blood carries to your brain. Cigarette smokes makes your blood thicker and more likely to clot.

#### Physical inactivity

Engaging in 30 minutes of moderate-intensity exercise most days helps reduce risk.

Excessive alcohol intake increases your risk of TIA and stroke.

#### Hormonal Therapies

In a small proportion of women, oral contraceptives increase the risk of high blood pressure and of

blood clots which may increase your risk of TIA and stroke.

## SIGNS AND SYMPTOMS OF TIA

The signs and symptoms of a TIA are like other stroke symptoms but are short-lived. Most symptoms of a TIA disappear within an hour, although they may last for up to 24 hours. Because you cannot tell if these symptoms are from a TIA or a stroke, you should go to the hospital right away. TIAs are often a warning sign for future strokes

The signs and symptoms happen suddenly, and include;

- **Hemiparesis;** weakness, especially on one side of the body.
- **Paresthesia;** numbness or tingling usually on one side of the body.
- Confusion or trouble speaking or understanding speech
- Aphasia; difficulty speaking due to partial paralysis affecting the face and tongue. Speech may be slurred or garbled or the person may not be able to talk at all despite appearing to be awake.
- Dizziness
- Loss of balance or coordination
- The face may have dropped on one side and the person may not be able to smile
- Inability to lift both arms and keep them there because of arm weakness or numbness in one arm
- **amaurosis fugax;** Temporary loss of vision, blindness in one or both eyes due to a lack of blood flow to the Retina

## TESTS AND INVESTIGATIONS THAT CAN BE DONE TO DIAGNOSE TIA. These include:

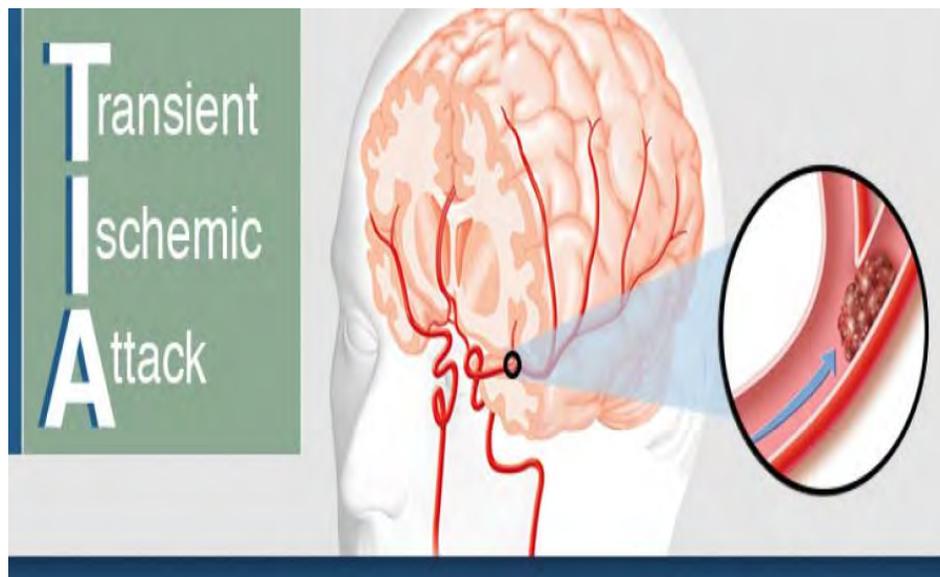
- **Neurological examination** to test your language, memory skills, your behavior, alertness, vision and eye movements, muscle control, gait and your sense of touch;
- **Blood tests** are done for Cholesterol, Triglycerides, Blood Glucose Levels and abnormalities in blood clotting;
- **Electrocardiogram (ECG)** is used to record the electrical activity of the heart and can reveal abnormal heart rhythms that may have caused blood clots and Atrial Fibrillation a common cause of TIAs;
- Echocardiogram may be done to determine whether TIA was caused by a heart condition. It is also useful in detecting blood clots within the heart chambers;
- **Carotid Artery Angiography** is done to locate blocked or abnormal arteries in the carotid artery, check for plaque and other possible sources of emboli;
- **Computerized tomography angiography (CTA)** scanning to visualize blood flow in arterial vessels throughout the body, from arteries serving the brain to those bringing blood to the lungs, kidneys, arms and legs;

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# TRANSIENT ISCHEMIC ATTACK - Mini-stroke

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- **Magnetic Resonance Imaging (MRI)** of the brain will be used to detect bleeding in the brain, tumors, stroke or any evidence of brain damage. In most cases, the source of atherosclerosis is usually identified with an MRI;
- **Magnetic Resonance Angiography (MRA).** This is a technique used to detect any blocking or hardening of the arteries in the neck and brain;
- **Arteriography.** This procedure gives a view of arteries in your brain

## TREATMENT OF TIA

Most patients who are diagnosed as having suffered from a TIA will be admitted to the hospital. Once the cause of your TIA has been determined, the goal of treatment is to correct the abnormality and prevent a stroke. Depending on the cause of your TIA, **Medication OR Surgical intervention** will be recommended.

## MEDICATION

### • Antiplatelet

The most commonly used anti-platelet medication is Acetylsalicylic acid (ASA). This drug is also called Aspirin. It has been shown to reduce the risk of stroke. However, it should be taken under medical supervision as some people should not take ASA because of bleeding tendencies, allergies and other medical conditions.

### • Clopidogrel.

is the anti-platelet drug often used in conjunction with ASA to reduce the risk of stroke or heart attack by preventing excessive blood clotting.

- **Aggrenox** contains both ASA and Dipyridamole another antiplatelet medication
- **Anticoagulants.**

Heparin and Warfarin may be prescribed when antiplatelets drugs fail to prevent stroke or subsequent TIAs or if there is a contraindication to antiplatelets. These drugs require careful

monitoring.

### • Hypertension medication

They are many different medications to treat hypertension and they generally fall into categories such as: Angiotensin Receptor Blockers, Angiotensin Converting Enzymes, Beta Blockers, Diuretics, Calcium Channel Blockers or Antagonists

- **Statins** a class of medication may be prescribed for lowering high cholesterol

## SURGERY

- surgical procedures such as:

### • Carotid Endarterectomy

This surgery procedure clears carotid arteries of Plaques before another TIA or stroke can occur.

### • Carotid Angioplasty

In selected cases, carotid angioplasty, or stenting, is an option. This procedure involves using a balloon-like device to open a clogged artery and placing a small wire tube (stent) into the artery to keep it open.

## HOW TO PREVENT TIAs

To reduce the risk of recurrence, patients are recommended to undergo lifestyle changes. Knowing your risk factors and living healthfully are the best things you can do to prevent a TIA. These include:

- Quitting/Avoiding smoking;
- Moderating intake of **alcohol** or **stimulants**;
- Controlling blood pressure and **blood sugars**;
- Limit cholesterol and fat especially saturated fat and trans fat, in your diet may reduce buildup of plaques in your arteries;
- Eat plenty of fruits and vegetables containing nutrients such as potassium, folate and antioxidants, may protect against a TIA or a stroke;
- Limit sodium intake. Avoiding salty foods and not adding salt to food may reduce your blood pressure. Excess sodium may increase blood pressure in people who are sensitive to sodium;
- Limit alcohol intake if at all;
- Exercise regularly to Maintain a healthy weight. Being overweight contributes to other risk factors, such as high blood pressure, cardiovascular disease and diabetes. Losing weight with diet and exercise may lower your blood pressure and improve your cholesterol levels;
- Don't use illicit drugs. Drugs such as cocaine are associated with an increased risk of a TIA or a stroke;
- Control diabetes and manage diabetes with diet, exercise, weight control and when necessary, medication.

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*The author is an Assistant Manager Employee wellness at the Head Office Clinic*



**Visiting Doctor, Dr Sebastian Hachizovu attending to Office Assistant Mr Mike Banda in the BoZ clinic at Regional office while Assistant Manager Employee Wellness – Ms Lilian Ndabala and the nurse Mr Rodrick Kayula looks on.**

# FREQUENTLY ASKED QUESTIONS



Mr. Mayondi

## 1. What is the meaning of the phrase, “Item value limit for cheques and electronic funds transfers (EFT)”

In the context of CB Circular No. 06/2016, item value limit for cheques and direct debit and credit instructions/electronic funds transfers refers to the maximum amount a payer can pay to a payee using that payment instrument. The payment instruments covered by the Circular include cheques and direct debit and credit/electronic funds transfers (EFT) instructions. The IVL for cheques was revised downwards while that of DDACC/EFT were revised upwards. The table below depicts the applicable limits:

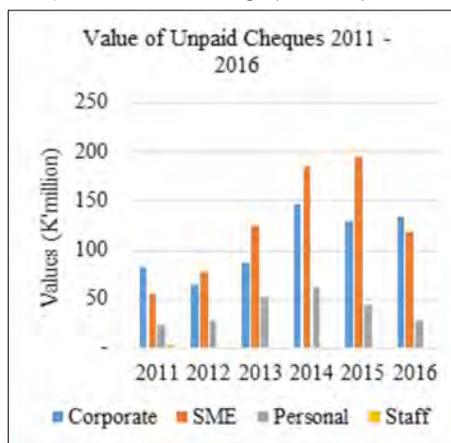
Type of Payment Instrument	Old Item Value Limit	New Item Value Limit
<b>Local Currency Denominated Cheques</b>		
Local Kwacha cheques cleared through the Clearing House	K100,000.00	K25,000.00
Local cheques presented over the Counter	K0.00	K25,000.00
<b>Foreign Currency Denominated Cheques</b>		
Foreign cheques cleared within Zambia	US\$0.00	US\$5,000.00
Foreign cheques presented over the Counter	US\$0.00	US\$5,000.00
<b>Electronic Funds Transfer</b>		
Direct Debits	K50,000.00	K75,000.00
Direct Credits	K100,000.00	K500,000.00

## 2. Why has the Bank of Zambia revised the item value limits on cheques and electronic funds transfers?

The revision of the item value limits on cheques and electronic funds transfers is aimed at promoting the use of electronic payment methods and encouraging people to move away from the use of paper based payments such as cash and cheques as the main means of making payment. While the use of cash and other paper based instruments may be seen by the users as a cheapest method, it is actually an expensive mode of making payments in any economy. The cost of handling and safeguarding cash both at a micro and macro level is high. The Bank of Zambia also spends a lot of money in printing banknotes to meet increasing demand and to replace worn out banknotes. Further, cash and paper based instruments are more prone to fraud and risks such as counterfeit banknotes and unpaid cheques respectively.

For instance, unpaid cheques continue to be

high even after criminalizing the act of wilfully, dishonestly or with intent to defraud, issuing a cheque on an insufficiently funded account. Further, the Bank of Zambia in 2010 introduced penalty fees for dishonoring a cheque due to insufficient funds. Despite all these efforts unpaid cheques continue to be high (see chart).



Migrating most of the payments to electronic methods will reduce these risks. Further, electronic methods will increase revenue collection for businesses and entities due to transparent and auditable payment flows.

## 3. Will the new limits affect over the counter cash withdrawals?

The limits only apply to the cheque and DDACC payment instruments. The new item value limits will only apply when a person uses a cheque as a payment instrument for withdrawing cash or making payments. Customers can continue using other available means for making cash withdrawals over the counter.

## 4. I make my high value payments through the cheque. With the revision of the limits, what should I do?

With the revision of the item value limits, the maximum limits on the DDACC/Electronic Funds Transfer have been increased. You can use the direct debit or direct credit to make your payments. You can also use the Real Time Gross Settlement System (RTGS) to make payments or transfers of any amount as the RTGS has no minimum or maximum limit.

Further, some banks have methods that will allow its customer to transfer funds from their accounts using internet banking and mobile banking. These banking services are not only convenient but fast.

You may talk to your bank to learn more on the various payment options available to meet your needs.

## 5. What are the various electronic payment methods that are available to customers?

There are a number of electronic payment options available to the public depending on the specific needs of the person. These include RTGS, DDACC/EFT, debit or credit cards, internet banking, mobile banking and mobile money. There are also regional payment systems that can be used as opposed to carrying cash across the border for trading purposes. The regional payment systems include the SIRESS for the SADC region and the REPSS for the COMESA region.

## 6. What is the bank doing about the high charges on electronic payment options?

The Bank has engaged the various banks and payment service providers on this matter and is confident that the providers will revise their pricing structure to make the various electronic payment methods more affordable for the customers. It is our expectation that volumes of electronic transactions will go up due to more people taking up these payment methods and thus pushing the cost of transactions further down.

Further, the Bank publishes the cost of these services in public media to allow members of the public to make comparisons and make informed decisions. People must therefore take keen interest in obtaining sufficient information on various payment options and pricing of the various payment services offered by service providers.

## 7. I wish to cash a cheque that was issued prior to the issuance of the circular by the Bank of Zambia and is above the allowable limit of K25,000. Will my cheque be processed?

The cheque will be processed as long as it is presented before the effective date of the Circular which in this case was 12 April 2017 but has been revised to 01 July 2017 to allow for customers and banks more time to make adjustments.

After the effective date, any cheques above the limit will not be processed.

## 8. What is the meaning of splitting of cheques?

In the context of CB Circular No. 06/2016 on revised item value limit for cheques and electronic funds transfers, splitting of cheques refers to the prohibited conduct in which a drawer issues more than one cheque to the same payee on the same date so as to circumvent the prescribed item value limit on a cheque. This type of conduct will not be accepted and attracts a penalty fee on the paying bank of 25% of the value of the split cheques up to a maximum of two hundred thousand penalty units as stipulated in Section 43 of the National Payment Systems Act of 2007.

## 9. When will the revised Item Value Limits (IVL) become effective

The circular revising the item value limits was issued on 14th October, 2016 and the new item value limits were to take effect 180 days from the issuance of the circular i.e. on 12th April, 2017. However, this has been moved to 01 July 2017 to allow for customers and banks more time to make the necessary adjustments.

# MANAGER'S CIRCLE CELEBRATES 10 YEARS OF TEAM BUILDING

By Zambanker Reporter



(l-r) Accountant - Currency Accounts Mrs Kamuti Shichilenge, Senior Director Supervisory Policy Mr Chisha Mwanakatwe and Assistant Director - Operations Mr Steve Musuku with officers from Namumu Orphanage in Siavonga when the Managers' Circle donated groceries to the orphanage

Retired Senior Director Monetary Policy and former Regional Director, Mr Peter Banda has been hailed by many members of the Manager's Circle as "the architect" who fostered brotherliness and oneness when he came up with the idea of having a Managers' circle at the Regional Office.

The managers' circle was formed when Mr Banda was the Director of Regional Office. The objective was to improve work relationships and address various supervisors skills such as leadership, problem solving, Interpersonal skills, team building and motivation.

The early days of the Circle did not attract much support as most members did not see the benefits of making monthly contributions to this social scheme. Ms Kamuti Chama Shichilenge who is Acting Co-ordinator for the Managers' circle activities following the transfer of Mr Jonathan Misapa to Head Office, informed Zambanker that the idea behind member contributions was to encourage ownership of the scheme and members were committed and much more involved in the activities of the group as they were using their own contributions for the activities undertaken.

The actual Managers' Circle excursions began on the Copperbelt and the first was a day trip to Chingola at a wild life sanctuary for chimpanzees,

known as Chimfunshi Wild life orphanage.

This was later followed by another day trip to Konkola Open Pit Mine in the same town of Chingola.

Zambanker was informed that most people leaving along the Copperbelt and growing up in mining communities had not had the opportunity to visit the mines and the mines were viewed as areas with restricted access. This in itself was the main inspiration for the Circle to visit yet another mine in Solwezi, North Western province where they visited Kansanshi Mine in 2010. While in Solwezi, the Circle had also visited a national heritage site, Kifubwa caves, which had a commemorative plaque that had been donated by the Bank of Zambia.

One of the major attractions and greatest achievements for the Circle during the Peter Banda era included two visits to Mfuwe in South Luangwa National Park. Mr Maybin Masando one of the Circle committee members told Zambanker that members will confess that these were some of the most memorable excursions for the Circle, planned and achieved with much success. At that time, the Circle was chaired by the late Mr Rex Mukuka Puta (Assistant Manager Banking) and co-chaired by Mr Maybin Masando (Chief Security Officer Operations) who were the main organisers for the trips. Mr Masando recalls that

the response for the trip was so overwhelming that they had to incorporate members of staff who were non-members of the circle but were willing to meet their full costs for the trip to Mfuwe.

"We chartered two planes from the Zambia Flying Doctor Services and booked all the rooms at the then newly opened Mushroom lodge for 28 members of the team, and spent three spectacular days, game viewing, fishing and swimming", Mr Masando said. The group also visited Chichele Lodge and for the first time some, witnessed a lion hunting and killing a zebra.

The Managers' Circle has continued to arrange excursions and team building exercises visiting various places across the country which along the years have included the tourist capital Livingstone, Chaminuka - Lusaka, the Southern Belle Houseboat - Siavonga in 2011, Mukambi Lodge - Kafue National Park in 2013, Kanyemba Island Lodge & Bush Camp - Lower Zambezi 2014 and recently the Lake Kariba Inns in Siavonga.

The recent trip to Siavonga was in October 2016 and the team comprised 17 members of staff which included Assistant Director Operations Mr Steven Musuku and were also joined by Senior Director, Supervisory Policy Mr Chisha Mwanakatwe.

Mr Mwanakatwe has continued to support and travel with the Manager's Circle whenever his busy schedule allowed. This has continued to be a major morale boost to the membership of the Circle.

Activities during the excursion to Siavonga included a trip to the Kariba Dam, swimming in the pool overlooking the lake, a sunset boat cruise to the Dam wall on the Lake Kariba and a pool side braai at Skyview Lodge.

In the usual spirit, the Team made a donation to Namumu Orphanage of various food stuffs and toiletries with a bit of cash to enable the orphanage buy some goodies for the children. The orphanage is supported by well-wishers and the United Church of Zambia. At the time of the visit, the orphanage cared for 40 orphans - boys and girls, with ages ranging from 10 to 19 years and these children were all in either primary or secondary school.

Mr Masando thanked Management and members of the Managers' Circle for the team spirit and support put in to ensure that all the trips are a success.



Members of the Managers' Circle with orphans from Namumu Orphanage

# “When you know better, you do better”

By Kapulwa Kaunda

Maya Angelou, an American author, once said, "When you know better, you do better." This is also the philosophy of organizations when assigning written standards, rules, regulations, laws, policies and procedures for the workforce to review and acknowledge and ultimately to conform to.

"I don't know what compliance does"...sometimes this is what we hear from colleagues within the Bank. It's important to note that all the operations of the Bank are anchored on a number of laid down policies and procedures, laws and regulations, standards and guidelines which are regarded as existing internal controls. These controls are governing tools that form part of the compliance framework in order to enhance and safeguard the operations of the Bank.

Therefore, the purpose of this article is to highlight the importance of compliance in an institution. In this regard, it is critical for members of staff to know as well as understand the policies and procedures, laws and regulations, standards and rules which are relevant to the operations of the Bank in order to know and do better.

## What then, is compliance?

Compliance is a function that identifies, assesses, advises on, monitors and reports on an institution's adherence to laws, regulations, guidelines, related self-regulatory organisational standards and codes of conduct. In addition, compliance is a comprehensive program that helps institutions and their employees conduct operations and activities ethically; with the highest level of integrity, and in compliance with legal and regulatory requirements. Compliance helps to maintain the organisation's reputation, and thus meet the expectations of its stakeholders, the markets and society as a whole.

The scope of coverage of the Bank of Zambia Compliance Framework encompasses the following:

- i. **Institutional Compliance:** includes issues of governance, internal structure and decision-making process, and adherence to internal instructions;
- ii. **Operational Compliance:** this include assessment of compliance risk arising from breach of policies, practices, procedures and/or business processes; and
- iii. **Conduct Compliance:** this include



Kapulwa Kaunda

compliance risk in terms of conflict of interest, insider trading and other issues related to professional conduct of all members of staff, our affiliates as well as the Executive and the Board.

Wouldn't it be great if everyone respected the policies and procedures, laws and regulations, standards and guidelines in the Bank? Adhering to the standards would make the Bank a better place to work as well as being more efficient and effective. It's important to recognize that we all contribute to the culture of the Bank, our departments, or a programme area, and that each of us can make a difference over time. To be effective, the compliance and ethics culture must be woven into the fabric of the Bank of Zambia, like a strand of thread within a piece of fabric. We all have a part to play. When a thread is pulled out, the fabric becomes weakened and frays. The same goes for the compliant and ethical culture of an organization when we are not all engaged or do not understand our role and how we contribute. It's important for everyone to understand that our greatest contribution is to be Collaborative, Informed and Accountable.

## Your Responsibilities:

- I. Everyone in the Bank is expected to act in an ethical manner and abide by all applicable laws, regulations and guidelines;
- ii. It's not a crime to make a mistake; it is a crime not to do anything about the mistake once detected;
- iii. Therefore, it is the responsibility of all members of staff to identify areas and/or instances of non-compliance – it's not the sole responsibility of the compliance unit.

It is imperative for organizations such as the BoZ to demonstrate due diligence and promote a culture that encourages ethical conduct to prevent and detect misconduct.

This can be achieved through enhanced communication by the compliance function and by conducting effective training programmes, and disseminating information to appropriate individuals based on their roles and responsibilities.

## Collaborative

The implementation of a compliance and ethics programme must be a partnership to be effective. Silos have to be eliminated to create true partnerships and a "do the right thing" culture. As a popular saying goes....."Coming together is a beginning; keeping together is progress; working together is success." In other words, together we are better. Collaboration is also a demonstration of respect for colleagues. It shows that we value the skills and knowledge each person brings to the team.

## Informed

We need to remain informed of the expected standards and potential risks within the Bank. To remain informed, we must participate in the training because gives us the knowledge that equips us to identify potential concerns and prepares us for how to respond to situations.

## Accountability

There are times when doing the right thing is unpopular and difficult, and sometimes we may have to do things when we feel afraid. When a concern is identified, it's important to report it so that it is assessed and properly addressed. How would you feel if you didn't promptly report a safety issue that later resulted in harm to someone? When we identify an actual or potential compliance or ethics breach or concern, it is helpful to consider that knowing and not reporting it makes us culpable and that isn't behaving with integrity or being accountable. If we feel it's necessary, we can report a matter anonymously through the confidential channels such as ERM boxes.

Every one of us contributes to the ethical and compliant culture and the effectiveness of the compliance function through our choice to be Collaborative, Informed, and Accountable.

## What have we lined up?

- i. Education and training;
- ii. Placement of Enterprise Risk Management boxes to capture employee concerns;
- iii. Formulation of a general email to improve communication;
- iv. Production of educational materials;
- v. Flashing of compliance bulletins every fortnight;
- vi. Facilitation through workshops.

*The author is a Compliance Specialist in the Strategy and Risk Management Department*

# Regional Office concludes construction of Index of Industrial Production By Abel Shimba



**Dr Abel Shimba**

## Introduction and Back ground

Regional Office Senior Economist Dr Abel Shimba has informed the Zambank that his team has been working on constructing an Index of Industrial Production (IIP) which it intends to apply as it collects economic data on the Copperbelt.

Dr Shimba informed the Zambank that the Central Statistical Office (CSO) has been producing Gross Domestic Product (GDP) data annually, based on the 1993 System of National Accounts (SNA). He said, however that, this information was inadequate in that intra-year movements were unavailable. The situation is exacerbated by the fact that the GDP data is only available with a six months lag.

He further informed the Zambank that the Bank of Zambia has over the years been collecting and compiling monthly real sector data in order to bridge the intra year gap mentioned above. This was important because of the need for high frequency economic data for policy formulation and implementation. Regional Office is responsible for collection, compilation and analysis of the real sector data on the Copperbelt province. Currently however, real sector activities are reported at industry level because the mechanism to capture an aggregate picture of the whole sector in a single statistic is unavailable.

Taking advantage of the above challenge, the Economics and Financial Markets unit at Regional Office have constructed an Index of Industrial Production (IIP) for use as proxies for measuring and understanding aggregate real sector economic activity in the Copperbelt Province.

The IIP is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period (CSO India 2011). IIP is a high frequency, fast available (relative to GDP) indicator which is used globally to provide short-

term indication of economic performance and detailed activity break down as a proxy to GDP.

It is worth noting that the Central Statistics Office (CSO) does produce quarterly IIP with a 90 day lag. As mentioned earlier however, the frequency and long lags possess a challenge to monetary policy decision making as it requires availability of high frequency data which captures short term economic dynamics.

Short-term dynamics indicators of economic activity have supported macroeconomic decision making and have facilitated appropriate and timely policy responses to changes in the advanced and emerging market economies. These indicators are viewed as summary statistics for an economy and as mentioned above, have been used as proxies for measuring and understanding aggregate economic activity.

## Computation of Copperbelt Province IIP

There are various approaches to constructing the IIP. Generally, the IIP is computed as the weighted average of production of an industry

relative to all industrial activities in the basket. The approach used here is the Laspeyres fixed-base formula and is as follows.

$$IIP = \frac{\sum R_i W_{it}}{\sum W_{t-1}} \times 100$$

Where;

$W_t$  = Weight of item base year  $t$

$R_t$  = Relative production of item  $i$  at time  $t$  current period and  $t-1$  base period.

In constructing the Copperbelt province IIP, we took 2015 and the base year (2015 = 100)

What remains now is the preparation of a concept or position paper which will be presented to stakeholders for their comments. It is hoped that the concept paper recommendations would be adopted and thereby adopt the use of the IIP.

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*The author is a senior Economist at Regional Office*

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The Synclinorium Shaft at Mopani Mine in Kitwe

<sup>1</sup>CSO has started compiling GDP data on a quarterly basis but with a lag of more than six months

# RETHINKING BANK REGULATION: BASEL III AND ITS IMPLICATIONS

By Calvin Habasonda



Mr Calvin Habasonda

The Basel Committee on Banking Supervision embarked on a program of substantially revising the existing capital adequacy requirements in the aftermath of the global financial crisis. The resulting framework was what is known as "Basel III". While banks in less developed financial markets are still grappling with Basel II implementation, their counterparts in developed markets have already moved beyond understanding the implications of Basel III to implementation. The result is that they have already begun to raise new capital and retaining more of their earnings as a consequence of the "new" Basel standard.

The new capital adequacy framework specifies additional capital requirements intended to encourage banks to strengthen their underlying risk management capabilities. Basel III was a response to deficiencies in banking regulation that were revealed by the financial crisis. The framework seeks to address a number of issues. The first is the build-up of excessive on and off-balance sheet leverage by the banking sector along with a decrease in the level and quality of the capital base. Secondly, it was observed during the crisis that there was significant contraction of liquidity and credit availability resulting from the spread of the banking crisis to the rest of the financial sector. A third issue is that interconnectedness of systemic financial institutions through various complex transactions resulted in a quick spread of the crisis. Lastly, excessive use of short-term and wholesale funding by the financial sector was a major source of deleveraging and flight to quality.

With these issues in mind, Basel III reforms were designed to strengthen the resilience of banks during periods of stress and address the risks in the entire financial system that could potentially have severe consequences. The reforms resulted into four key proposals namely:

- 1) Increasing the quality, consistency and

transparency of the capital base to ensure a more resilient banking sector;

- 2) Improving risk coverage of the capital framework to strengthen the resilience of banks and minimizing the risk of shocks being transmitted between financial institutions through complex transactions;
- 3) Supplementing capital requirements with a leverage ratio to help contain concentration of too much leverage in the banking sector; and
- 4) Lowering procyclicality and promoting countercyclical buffers that can be applied in stressed environments thus contributing to a more stable banking system.

In particular, regulatory adjustments under Basel III will mainly apply to common equity Tier 1. Therefore, banks are expected to improve the quality, quantity and consistency of this component of their capital. Further, reforms are aimed at simplifying Tier 2 capital and eliminate Tier 3 altogether. The goal is to improve the transparency of capital, with all elements of a bank's capital to be disclosed as required. The implication of this proposal is that banks will have to adjust their balance sheets, raise new capital and impose a double strain on shareholders who will see dividends constrained coupled with further demands for additional capital.

In addition, banks are required to put in place measures to constrain build-up of excessive on and off-balance sheet leverage to avoid destabilizing their deleveraging processes. In this regard, banks will be required to reinforce their risk-based capital requirements with a backstop measure based on gross exposure to be incorporated into Pillar 1 of Basel II. This requirement is designed to prevent the build-up of excessive leverage in the banking system. However, the impact on how individual institutions will be impacted is not yet known. The result could be reduced lending or banks could have an incentive to shift to high-risk/higher-return lending activities. This may give rise to a wider public issue on the possibility that banks could resort to hiding assets in shadow banking. Under such circumstances, the normal policy response to such deleverage would be to put in place measures to bring these assets back within the scope of bank regulation.

The scope of Basel III also extends to liquidity. In the aftermath of the crisis, global regulators and policymakers realized that liquidity is potentially as significant as solvency for the stability of the financial system. The reforms in this area were aimed at strengthening the liquidity framework by developing new minimum standards for funding liquidity. Firstly, the reform introduced a 30-day Liquidity Coverage Ratio (LCR) intended to ensure that banks have sufficient high quality liquid assets to withstand a stressed funding scenario specified by supervisors. Secondly, assets should be assigned a liquidity-based weighting varying from 100 percent for government bonds and cash, to weightings in the

range of 0 to 50 percent for corporate bonds. The LCR will entail banks being required to hold significantly more liquid, low-yielding assets with a correspondingly negative impact on profitability. There is still no consensus on whether the liquid, low-yielding assets such as sovereign debt should attract a risk weight under the Basel III formula. However, it should be noted that the natural consequence of such an approach is that it would reduce the amount of capital for supporting credit origination with further knock on impact on economic growth.

One of the consequences of the reforms to the liquidity requirements is that banks may alter their funding profiles, with a shift towards demand for additional longer-term funding. Similarly, the reforms have also introduced a Net Stable Funding Ratio (NSFR) aimed at encouraging banks to use stable funding sources and reduce their dependence on short-term funding. In essence, the NSFR compares available funding with required funding, using weighting factors to reflect the stability of the funding available and the duration of the asset. One option for banks is to increase the ratio of wholesale deposits with maturities of over a year. Ultimately, this will have the effect of increasing funding costs for banks. The net result of these calibrations will entail that stronger banks with a higher NSFR will be in a position to influence market price of assets whilst the competitiveness of the weaker banks may be reduced. In fact, while this may achieve some aspects of the Basel III objectives, it may have negative effects on competition in the banking sector.

In terms of counterparty risk management, significant strengthening of the framework for trading book and securitization risk was initially introduced as part of Basel 2.5 in July 2009. What Basel III does is to introduce additional changes to the way exposures to financial institutions and counter-party risk on derivative exposures is treated. One of the key issues here is to push for standardized derivative trading onto regulated exchanges.

The write-up has attempted to provide a perspective on what Basel III is, and its implications. Basel III represents more than just another set of regulatory requirements for financial institutions. In light of the significant role that the financial system plays in many countries, policy makers should always attempt to strike a balance between financial stability and economic growth. In the case of banks, Basel III will have fundamental impacts on capital allocation, pricing of products for customers and the wider business model and the returns to shareholders. In order for banks to withstand crises, addressing Basel III requirements is an imperative. Regulators in addition will need to drive the process for the implementation of Basel III. The presence of internationally active banks in a jurisdiction will put more pressure for regulators to urgently consider addressing Basel III to avoid regulatory arbitrage. In some cases, it may be prudent to implement the Basel III reforms in a phased approach. Some reforms can easily be implemented while some may require structural changes.

**The author is a Senior Inspector in the Bank Supervision Department**

# REPORT FROM THE BOARD

By Zambanker Reporter

*The Bank of Zambia Board of Directors made significant decisions during the period September, 2016 to March, 2017 and these included: the possession of Intermarket Banking Corporation; the appointment of Management staff – 2 Directors and 6 Assistant Directors; approving the revised Budget Policy; revised Policy on the Engagement External Auditors; revised Code of Ethics and the revised Whistle-blowers Policy. A brief of the appointments and resolutions is given here below:*

## Appointment of senior management staff

During the period under review, the following appointments were made:

- (i) Mr Evans Luneta was appointed Director – Procurement and Maintenance Services;
- (ii) Mrs Namwandi Hamanyanga Ndhlovu was appointed Board Secretary;
- (iii) Mrs Chanda Lubasi Punabantu was appointed Assistant Board Secretary;
- (iv) Mr. Evans Mukonka was appointed Assistant Director - Financial Accounting;
- (v) Mrs Diana Chisulo was appointed Assistant Director – Support Services;
- (vi) Mr Douglas Kalamatilawas appointed Assistant Director– Market and Risk Analysis;
- (vii) Mrs Mirriam Tembo Kamuhuza was appointed Assistant Director – Payment Systems; and
- (viii) Mrs Helen Lungu Banda was appointed Assistant Director - Legal Services.

## Approval of Revised BoZ Policies

During the period under review, the Policies approved by Board included the following:

### (i) Bank of Zambia Budget Policy

Management had undertaken a review of the Bank of Zambia Budget Policy to bring it up to date with the current best international practices:

The purpose of this Policy is to provide high

level guidance on the Budgetary Process in the Bank of Zambia and ensure that the preparation of cost effective annual budgets shall be an important process in the Bank's efforts to improve the efficacy of resource management and utilisation as it pursues its mandate. Its implementation begins immediately;

### (ii) External Auditor Policy

The Board approved the revised External Auditor Policy for the engagement and retention of External Auditors;

The rationale behind the revision is to provide updated content to align policy to internationally recognized best practice;

### (iii) Code of Ethics

The Code of Ethics has been reviewed to further enhance the attainment of its intended purpose as well as to further align it with evolving international best practices.

The expected impact of this policy is the overall operational efficiency and effectiveness that shall result from enhanced guided ethical conduct of the Bank's business;

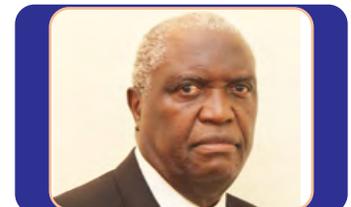
### (iv) Whistle-blowers Policy

The Whistle-blowers Policy has been reviewed to make it current and aligned with evolving legislation and international best practice and

The expected impact will be an enhanced corporate governance practice within the Bank through observance of an improved channel for whistleblowing that meets international best practice standards and domestic legislative provisions on the subject of whistleblowing.



Dr Denny Kalyalya - Chairperson



Mr Gilbert Temba - Vice Chairperson



Ms Jacqueline Musitwa



Mr Fredson Yamba



Ms Siphwe Nkunika



Mr Esau Nebwe

# USING YOUR COW TO OBTAIN CREDIT FOR YOUR BUSINESS: THE MECHANICS OF A FINANCING STATEMENT

By Lungisani Zulu

*Access to credit is every business owner's dream. I mean, you need finances to start and grow a business. I know a story of Mrs Ngoma who was desirous of building a business of growing tomatoes. She did a business plan to start the business of growing tomatoes. All she needed, was K20,000.00 to make the plan work.*

Determined to put the business plan into action, she approached a commercial bank to finance her plans. A branch manager looked at her plan, and though convinced about its viability, asked Mrs Ngoma whether she had any title deeds which could be used as collateral for the bank to lend her the required K20, 000.00. "No", was her answer.

Mrs Ngoma offered the branch manager the white book to her Toyota Corolla, her iPhone 5 and even cattle on her farm as collateral, but unfortunate for her, all of them did not qualify, so said the branch manager, to be acceptable collateral.

Inevitably Mrs Ngoma had to put her plans on ice notwithstanding the viability of the plan and the potential of the proposed business to grow the country's economy as well as contribute to employment creation.

Mrs Ngoma's predicament of lacking acceptable collateral to access finance has been faced by many business women and men. And understandably, banks were entitled to insist on title deeds to real property as collateral because the collateralization could easily be formalized by concluding a legally binding agreement for the discharge of the obligation to repay the loan, in exchange of the bank's right to exercise power over the real property in default, which is known as a mortgage.

The mortgage is then registered at Ministry of Lands and Patents and Companies Registry (PACRA) to secure the loan. The bank can then disburse the money fully aware that in case of default, it could enforce the mortgage by selling the real property. Banks also know, that once registered with Ministry of Lands, no other person would take priority over their interest in the property and any search on lands registry regarding the property would reveal the banks'

interest.

Until recently, the assets Mrs Ngoma offered the branch manager as alternative collateral could not be treated the same way the real property is treated when accepted as collateral.

Mrs Ngoma's failure to access finance on account of lacking suitable collateral may look like a personal problem, but it is actually a national problem. Properly contextualized, the problem robs the country of millions of kwacha.

Let's attempt to contextualize the problem at national level. If Mrs Ngoma had been able to access finance and implement her business plan, she would have needed maybe up to two general workers to help on the farm, thus bringing in an aspect of employment creation. She would have also obviously purchased various inputs for the tomato business, thus contributing to economic activity in the country. Once harvested, the tomato would have been available for use by everyone, thus value addition (growing the Gross Domestic Product (GDP), as economists would call it), and not forgetting that she would have been required to pay taxes on her business, hence revenue to the country.

There are a number of businessmen and women who, like Mrs Ngoma, need external financing to finance their plans. In fact, FINSCOPE 2015 estimates that only 35.9% of Zambian adults have access to money of their own to use as they wish leaving over 64% of the population needing external funding. The means the majority of citizens need to have appropriate collateral to access finance for whatever purpose, including starting a business and whenever such collateral is unavailable, the country loses from whatever economic activity they would have engaged in, which loss is gigantic. It is therefore safe to conclude, as many others have already done, that lack of access to financial services, for whatever reason including lack of appropriate collateral, leaves the majority of the population in absolute



Lungisani Zulu

poverty.

To address Mrs Ngoma's and similarly positioned businessmen and women, and thereby contain loss from economic inactivity on account of unsuitable collateral, parliament enacted the Movable Property (Security Interest) Act No. 3 of 2016.

It is now possible and indeed legal to avail a bank a Toyota Corolla, Iphone 5, and yes, even a cow, as collateral to access financing for any business and secure the same rights of registration of the security hitherto available only in the case of real property through the registration of a mortgage.

It is important here to highlight that it has always been possible to provide movable property to secure borrowing, but this was only available if the borrower was a limited company. This could be accomplished by creating a floating charge over the assets of the limited company which would in turn be registered at PACRA in accordance with the provisions of the Companies Act, Chapter 388 of the Laws of Zambia. A floating charge could not be created over an asset of a natural person to secure lending. Additionally, only a floating charge, and not a fixed one, could be created even over moveable assets of a limited company.

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# USING YOUR COW TO OBTAIN CREDIT FOR YOUR BUSINESS: THE MECHANICS OF A FINANCING STATEMENT

By Lungisani Zulu



The welcome introduction of the Movable Property (Security Interest) Act is that it is now possible to create a fixed charge over any 'movable property' regardless of whether the person providing the collateral is a natural person or a limited company.

The Act defines 'movable property' generously to include goods, intangibles, securities, money, negotiable instruments and negotiable documents. This definition expansively enlarges the class of items that can now legally be registered as collateral for lending by any bank or other creditor.

The operationalization of movable property as collateral is anchored on a financing statement. Without a financing statement, it is impossible to effectively secure the collateral or register the security at PACRA.

Simply put, a financing statement can be defined as a document, in a prescribed form, containing specified information that effects a registration to perfect a security interest in a collateral.

By law, it is required to include the following critical information:

- (a) The full details of the debtor;
- (b) The full details of the secured creditor;
- (c) Description of the collateral;
- (d) The term of effectiveness of the statement;
- (e) Maximum amount secured by the statement;
- (f) A declaration about the veracity of the information contained therein.

The financing statement is effective for a period of five years. Moving with technology, the law actually requires that the financing statement be processed electronically.

It is also possible to register two or more financing statements over one asset though an earlier registered statement will have priority over the later one.

Once a financing statement has been duly registered, PACRA will issue a confirmation statement acknowledging the registration statement.

The financing statement does not contain terms regulating the relationship of the secured creditor and borrower, but it is rather evidence of that relationship. The terms are contained in a security agreement which is supposed to be concluded between the secured creditor and the borrower. The second schedule to the Movable Property (Security Interest) (General) Regulations, 2016, Statutory Instrument No. 77 of 2016 generously provides a template for a security agreement which can be adopted by any creditor and borrower. The security agreement is never registered at PACRA.

The Movable Property (Security Interest) Act demands that the financing statement is meticulously filled in to avoid the possibility of incorrectly capturing data. This is because once registered, the information is publicly available through searches that may be conducted on the collateral registry held at pacra. Errors in the description of the collateral say, Toyota ABT 5261 instead of ABT 5262, have serious repercussions as the implication is to signal that ABT 5262 is

unencumbered and therefore available as security when in fact not. Not surprisingly, the obligation to complete and register a financing statement is on the bank or other creditor who will bear the brunt of any errors and omissions and not the borrower.

The law provides flexibility in making amendments to the financing statement which would ordinarily happen if there refinancing of the loan secured under the statement.

Not only is the completion of a financing statement a simple matter, it's cheap too. In fact, very cheap. According to the Movable Property (Security Interest) (Fees) Regulations, 2016, Statutory Instrument No. 73 of 2016, it only costs a bank or other creditor about K100.00 to register a financing statement regardless of how much is secured by the statement. This should result in the lowering of the cost of borrowing on the borrower's part.

Once a borrower has repaid the loan secured under the financing statement, the bank can discharge the registration of a financing statement freeing the collateral from the loan obligation. If a bank or other creditor delays to discharge the registration of a financing statement despite having been fully paid, a borrower is given power to demand for such discharge.

With the possibility of registering a financing statement to secure collateral, it should now be relatively easier than before to access finance as the law has removed one of the major impediments to accessing finance to grow our economy. Correspondingly, we should be able to benefit from viable business proposals to grow our economy as a country.

To banks and other finance providers, the law is a challenge to rethink the concept of collateral and adopt new and progressive means of securing lending to include even a cow.

To every business person, the law is a challenge to take advantage of the new opportunities introduced by the law to obtain that much needed finance and do one's part to contribute to employment creation, growing GDP, tax revenue of the country and ultimately fighting poverty.

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*The author is a Senior Legal Counsel in the Legal Services Department*

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# EXPERIENCES OF INTERNS

*Two interns who were attached to the Non-Bank Financial Institutions Supervision Department in the Financial Sector Development Division wrote articles based on their experiences and perspectives of the 2016 Worlds Savings Day. The articles are reproduced verbatim as follows:*

## 2016 World Savings Day

*By Nchimunya Muvwende*

The importance of saving for everyone in a nation cannot be overemphasised as the benefits are too numerous to be listed on paper.

Just like every 31<sup>st</sup> of October since 2014, Zambia was set to commemorate the World Savings Day. The theme for the 2016 World Savings Day was "A better life through saving – open your account now. Unlike the previous themes, an emphasis was put on opening accounts with formal financial institutions.

The 2016 celebrations had the Bankers Association of Zambia take the leading role in preparations while working in partnership with Bank of Zambia, the German Savings Bank Foundation for International Cooperation (SBFIC) and other financial institutions. Advertising of the event was done on radio, TV, Social Media, websites and in different forms. This was done massively to reach as many people as possible.

One of the exciting activities that was undertaken was a colourful 2 day exhibition held at the Cosmopolitan Mall in Makeni. The selection of the place was strategic in that it is a central place where different people from all walks of life meet. The exhibition which preceded the World Savings Day was graced by Dr Bwalya Ng'andu, Deputy Governor in charge of Operations at the Bank of Zambia.

During the exhibition, members of the public were treated to a rare opportunity of being able to open bank accounts on the spot without the need to visit a financial institution's branch or office. In addition, the exhibition did not segregate on the basis of age as children were given prizes such as piggy banks to encourage them to save even the little money that they earn from their parents. Different prizes such as caps, t-shirts and stationary were given to many that attended the exhibition.

The Bank of Zambia used a board game which contain simplified questions and answers on financial education to enlighten the masses that attended the event. Material on loans, savings,

investment and other material on financial education were distributed to the public.

On Monday 31<sup>st</sup> October 2016, which happened to be the World Savings Day started with a high- level breakfast meeting at Intercontinental Hotel in Lusaka for executives from the Bank of Zambia, Pensions and Insurance Authority, Securities and Exchange Commission and Financial Institutions as well as invited school children and teachers. Emphasis was put on the need to save first before spending. During the same event, prizes were given to schools which had participated in Money Box Competition by decorating boxes in line with the theme for World Savings Day. Six schools, three primary and three secondary schools were awarded with monetary prizes.

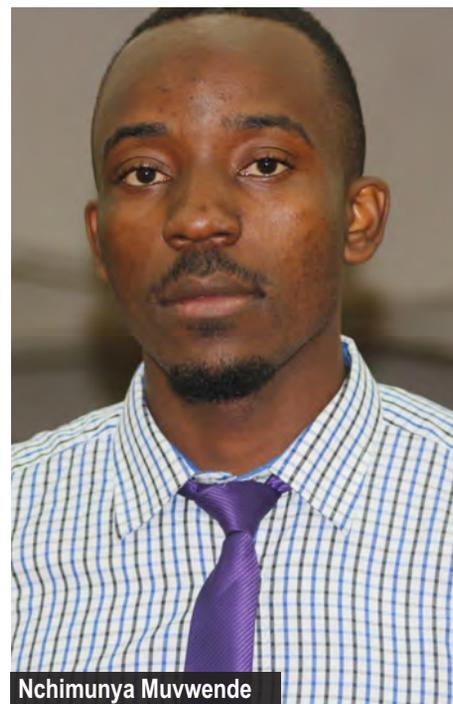
The actual Savings Day was a colourful day as many banks decorated their institutions, set tables outside and dressed their staff in an attire signifying that it was their day. The open door policy of the day resulted in many people visiting financial institutions to clarify on various topics, open accounts and generally interact with their financial service providers.

## Chambata's experience and perspective of the 2016 World Savings Day

*By Chambata Eric Mbizule*

I am a student at the University of Lusaka pursuing a Bachelor of Science degree in Economics and Finance. I got an internship opportunity in the Financial Sector Development Unit (FSDU) last year in 2016.

During my stay as an intern at Bank of Zambia, I got the privilege to be part of the organizing team of the 2016 World Savings Day with the theme 'A Better Life Through Savings – Open an Account Now.' Not only was I on the organizing team, I also participated in the 2016 World Savings Day exhibition which took place at the Cosmopolitan Shopping Mall in Makeni. During the exhibition, various financial institutions including non-bank financial institutions participated in the event.



**Nchimunya Muvwende**

The exhibition provided an opportunity to interact with the public and also bring awareness about the 2016 World Savings Day. As the public walked into the mall, the first stand they visited was the Bank of Zambia, the Bankers Association of Zambia and the Securities and Exchange Commission stand. At this stand, information about the importance of saving, how to save and where to save was given to the public.

Various financial institutions among them, the Bank of China, First National Bank and Cavmont Bank also participated in the exhibition. These financial institutions explained to members of the public the various accounts that they offer to promote savings in Zambia. It was also interesting to note that non-bank financial institutions such as Finca Zambia also developed initiatives to promote savings.

In addition to this, a board game was played to evaluate the public's knowledge, both the old and young, on savings and loans. However, the focus was mainly on the youngsters. Winners of the game were awarded piggy banks as a way to promote savings among the young generation.

It was a great and learning experience for me because I got to interact with various financial institutions and I gained more knowledge on what kind of accounts exist with various commercial banks and also the various benefits that come with saving a percentage of what you earn today.

# BOZ 'IMPRISONS' MANSA CENTRAL CORRECTIONAL FACILITY

By Zambanker Reporter



The Regional Office Football Team

**The flying Kwacha Outfit bested their latest rivals, Mansa Central Correctional Facility in a 2:1 thrashing in their first round, first leg encounter held at the Prisons grounds in Mansa. The Kwacha Social Outfit is considered as one of the most accomplished sides in social football activities in Ndola and the rest of the Copperbelt.**

Mr Kelvin Kapota, the Acting Chairperson of the Bank of Zambia Regional Office Social Football Team informed the Zambanker that the Kwacha Outfit had left a trail of destruction and broken hearts as they have continued to punish their opponents across Ndola.

'We are not going to relax this year nor let our guard down, we have started the year on a very good note and we promise our supporters intriguing subplots and tantalizing games. We humbled Mansa Central Correctional Facility who thought the Bankers

would be a walkover, we did this in a spectacular style and punished them right at their door step. I think when people hear Bank of Zambia Social team, they have a totally wrong misconception of what the officers who serve in the Bank can do on the playing field, this I think has also proven to be one of our greatest advantages over our opponents,' Mr Kapota said.

Mr Kapota added that the potential amongst his team members had soared and they

have new and very fresh recruits from Currency, Security and Procurement and Maintenance departments with the likes of young Mulenga Kasonde and Robert Mtonga. The old guards, Grant Mwaba, Sinsamala Zulu, Felix Goma, Andrew Boma and Kelvin Kapota have continued to shine and impress, setting new playing records for the team.

'Amongst our best players is Mr Joseph Kapapa from Security Division who is the team's goal-keeper and was once again man of the match when the team played Prisons. He made some amazing and brilliant saves for his team,' Mr Kelvin Kapota stated.

Mr Kapota further informed the Zambanker that they had in the recent past played Madison Insurance with whom they drew 2:2 and the Revenue Collectors whom the Bankers thrashed in a 4:2 win.

Mr Kapota said they were looking forward to meeting their compatriots from the Head -Office in Lusaka. The team was now settled and had a brilliant side with which they were ready to have an encounter with the 'BoZ Madalas' from Head-Office in the second quarter of this year 2017. Mr Kapota said they have prepared adequately for the Lusaka team and their new Social Team Executive will be sending an invitation soon. The Social Team Executive includes the Chairperson Mr Maybin Masando, Vice Chairperson Mr Kelvin Kapota, Secretary Mrs Priscilla Silwamba, Vice Secretary Mr Robert Mtonga, Treasurer Mr Lee Kauzhi, Vice Treasurer Mr Felix Goma, Team Manager Mr Chisha Kanchule and Team Physician Mr Rodrick Kaluya, The two Committee members are Mr Grant Mwaba and Mr Hezron Banda.







DON'T USE CASH WHEN YOU CAN SIMPLY SWIPE!  
BE SMART AND SWIPE TO PAY FOR YOUR GOODS AND SERVICES!



### BENEFITS OF CARDS

- ✓ The customer and the merchant don't need to carry/handle cash which can be risky.
- ✓ Low costs for the customer as most transactions are free of cost.
- ✓ Point of sale devices provide faster service than old fashioned cash registers.
- ✓ Point of sale devices can cut down on human errors
- ✓ The Merchant avoid the cost of cash in transit as the money is automatically credited to the merchant account.
- ✓ Customer spends exact amount required for goods or service (to the nearest cent).

### SAFETY TIPS

- ✓ Keep your PIN a secret
- ✓ Keep your card safe
- ✓ Report lost or stolen card immediately
- ✓ Block the view of others when entering your PIN at an ATM or POS



**NO NEED TO USE CASH!!! BE SMART AND USE ELECTRONIC PAYMENT CHANNELS.**

**CONVENIENT**



**LARGE VALUE PAYMENTS**

**FAST AND EFFICIENT**

**UTILITY BILLS e.g  
DSTV, ELECTRICITY,  
WATER, MEDICAL.**

**AFFORDABLE**

**SAFE**



**ZIPSS/RTGS  
EFT  
MOBILE MONEY  
MOBILE/INTERNET  
BANKING  
POS/CARDS**

**RETAILS PAYMENTS**



**SHOPPING AND  
ACCOMMODATION**

**SCHOOL FEES**

**TALK TIME**

**GURANTEED  
SETTLEMENT**



**FREEDOM**

