REPUBLIC OF ZAMBIA

NATIONAL FINANCIAL INCLUSION STRATEGY II

2024–2028

REPUBLIC OF ZAMBIA

THE SECOND NATIONAL FINANCIAL INCLUSION STRATEGY

MARCH 2024

CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF BOXES

FOREWORD

Enhancing financial inclusion among all population groups remains a major priority for the government because of its positive effect on wealth creation, poverty alleviation, while promoting gender equity. It is also one of the key ingredients in fostering the attainment of the Vision 2030 of becoming a middle-income nation.

In collaboration with the financial sector regulators, private sector and several other cooperating partners, government implemented the National Financial Inclusion Strategy (2017–2022) as one of the interventions of operationalizing the National Financial Sector Development Policy, launched in 2017. Notable achievements were recorded during the implementation phase of the strategy, primarily, the increase in financial inclusion (both formal and informal) from 59.3 percent in 2015 to 69.4 percent in 2020. Further, several interventions were successfully implemented such as the launch of the National Financial Switch which has greatly strengthened the interoperability between financial service providers, resulting in enhanced access and usage of the formal financial services.

The National Financial Inclusion Strategy (2024–2028) is a product of the collaborative effort of all stakeholders in the financial sector that has undergone vigorous consultations at all levels involving both the public and private sectors. I am particularly thrilled with the high level of dedication by all the stakeholders who were involved throughout the development process of this strategy. It is a clear statement of the noble desire to see the financial sector play a more significant role in improving people's livelihoods, contributing to economic growth, development of the country and reducing poverty. This strategy rides on the Vision: "To develop an inclusive and robust financial ecosystem that provides accessible, affordable and sustainable financial products and services to all segments of the population, which help increase their resilience, improve their financial health and build their confidence". Its focus is mainly on addressing the observed gaps and challenges which were identified during the implementation of the previous strategy while efforts continue to further enhance the usage and quality of financial products and services. Predominant among these gaps include the rural urban gap, income gap, gender and social gap, as well as the MSMEs gap. These challenges inevitably compromised the attainment of equitable access to financial products and services for all Zambians.

This NFIS (2024–2028) provides a framework with very specific initiatives which also address emerging issues such as inclusive green finance, while tackling issues affecting segments of the population that are still lagging in so far as financial inclusion is concerned. These segments include the people living in rural areas, the women and the youth, the refugees, the elderly and the persons with disabilities. In attempting to deal with the issues highlighted above, this strategy has established the following six thematic areas of financial inclusion for: (i) SMEs, (ii) rural areas, (iii) underserved population, (iv) agriculture, (v) environmental social governance, and (vi) digital financial services and infrastructure. In addition to these thematic areas, the strategy includes crosscutting areas namely: financial consumer protection and capability, monitoring and evaluation, data, and research.

I have no doubt within me that the objectives contained in this strategy will result in all Zambian people accessing and using a broad range of high quality and innovative financial products and services supported by technology. It is my hope that successful implementation of this strategy will not only foster financial inclusion in Zambia, but also enhance financial health among the users of the financial products and services.

Hon. Dr. Situmbeko Musokotwane, MP

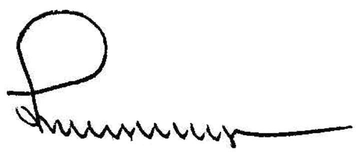
MINISTER OF FINANCE AND NATIONAL PLANNING

ACKNOWLEDGEMENTS

The Ministry of Finance and National Planning recognizes the contributions made by all financial sector stakeholders to the development process of the National Financial Inclusion Strategy (2024–2028). Particularly, the Ministry recognizes the immense input into the development process by the financial sector players, government agencies and ministries, private sector, and the development and cooperating partners. Their unwavering support and commitment during the consultation period significantly assisted in shaping the National Financial Inclusion Strategy (2024–2028). The Ministry of Finance and National Planning further acknowledges the unswerving commitment and contribution of all members of the Drafting Committee drawn from a broad array of strategic institutions who worked tirelessly to ensure that this strategy is actualized.

The Ministry also acknowledges the World Bank for both the technical and financial assistance rendered to ensure the strategy meets the needs of sections of society and their expectations. Such assistance was made possible by financial support by the Swiss State Secretariat for Economic Affairs (SECO) through the Finance for Development (F4D) Umbrella Program administered by the World Bank. Further, efforts made by the key players in the financial sector such as the Pensions and Insurance Authority, the Bank of Zambia, the Securities and Exchange Commission and the Competition and Consumer Protection Commission are well acknowledged in providing unmatched guidance and input during the process of preparing this strategy. Other institutions whose contributions are acknowledged include Financial Sector Deepening Zambia, United Nations Capital Development Fund, Zambia Information and Communications Technology Authority, Zambia Statistics Agency, Rural Finance Expansion Program, among many others who contributed to shaping our thinking and laying a solid foundation on which this strategy is set.

Additionally, I wish to acknowledge the Ministry of Finance and National Planning staff for the critical role played of coordinating all the stages carried out in developing this strategy. It is my hope that with the wide consultations undertaken, the strategy will be a huge milestone in enhancing financial inclusion for all.



Felix Nkulukusa

Secretary to the Treasury

ACRONYMS & ABBREVIATIONS

AMIZ	Association of Microfinance Institutions of Zambia
ATM	Automated Teller Machine
BAZ	Bankers Association of Zambia
BOZ	Bank of Zambia
CCPC	Competition and Consumer Protection Commission
CEEC	Citizens Economic Empowerment Commission
CMAZ	Capital Markets Association of Zambia
CMMP	Capital Markets Master Plan
CRB	Credit Reference Bureau
CUTS	Consumer Unity Trust Society
DFS	Digital Financial Services
8NDP	Eighth National Development Plan
ESG	Environmental Social Governance
FSDZ	Financial Sector Deepening Zambia
FSP	Financial Service Provider
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
GSMAZ	Global System for Mobile Association of Zambia
GWP	Gross Written Premium
IAZ	Insurers Association of Zambia
IBAZ	Insurance Brokers Association of Zambia
ICT	Information and Communication Technology
IMF	International Monetary Fund
IOM	International Organization for Migration
IPR	Insurance Penetration Rate
KYC	Know Your Customer
LuSE	Lusaka Securities Exchange
M&E	Monitoring and Evaluation
MCTI	Ministry of Commerce, Trade and Industry
MFI	Microfinance Institution
MNO	Mobile Network Operator
MCDSS	Ministry of Community Development and Social Services
MOE	Ministry of Education
MOFNP	Ministry of Finance and National Planning
MGEE	Ministry of Green Economy
MOH	Ministry of Health
MHAIS	Ministry of Home Affairs and Internal Security
MOJ	Ministry of Justice
MOLF	Ministry of Livestock and Fisheries

MLGRD	Ministry of Local Government and Rural Development
MLSS	Ministry of Labour and Social Security
MSMED	Ministry of Small and Medium Enterprise Development
MOTL	Ministry of Transport and Logistics
MOTS	Ministry of Technology and Science
MYSA	Ministry of Youth, Sports and Arts
MSME	Micro, Small and Medium Enterprise
MTRF	Medium Term Refinancing Facility
NAPSA	National Pension Scheme Authority
NATSAVE	National Savings and Credit Bank
NBFI	Non-Bank Financial Institutions
NFSDP	National Financial Sector Development Policy
NHA	National Housing Authority
NPL	Non-Performing Loans
NSFE	National Strategy on Financial Education
P2G	Person-to-Government
PACRA	Patents and Companies Registration Agency
PAYZ	Payments Association of Zambia
PIA	Pensions and Insurance Authority
PPDF	Public Private Dialogue Forum
RFU	Rural Finance Unit
SACCO	Savings and Credit Cooperative Organization
SEC	Securities and Exchange Commission
UNCDF	United Nations Capital Development Fund
UNHCR	United Nations High Commission for Refugees
WB	World Bank
WII	Weather Index Insurance
ZACA	Zambia Consumers Association
ZACCI	Zambia Chamber of Commerce and Industry
ZAFOD	Zambia Federation of Disability Organizations
ZAMACE	Zambian Commodities Exchange
ZAMSTATS	Zambia Statistics Agency
ZAPD	Zambia Agency for Persons with Disabilities
ZATIP	Zambia Agribusiness and Trade Project
ZCGS	Zambia Credit Guarantee Scheme
ZCSMBA	Zambia Chamber of Small and Medium Business Association
ZDA	Zambia Development Agency
ZECHL	Zambia Electronic Clearing House Limited
ZICTA	Zambia Information and Communication Technology Authority
ZNFU	Zambia National Farmers Union
ZRA	Zambia Revenue Authority

GLOSSARY OF TERMS

TERM	DEFINITION
Access Point	Includes branches of commercial banks, microfinance institutions, building societies, savings and credit institutions, development finance institutions, active agents of commercial banks and mobile money providers.
Financial Health	Financial ability that enables people to be resilient and pursue opportunities.
Financial Literacy	Understanding of various financial concepts and products that enable individuals to manage personal finance matters in an efficient manner
Financial Education	Providing people with knowledge, understanding, skills, and confidence to enable them to make financial decisions and take actions that are appropriate to their personal circumstances
Financial Consumer Protection	Laws, regulations and other measures designed to ensure fair and responsible treatment of financial consumers in their purchase and use of financial products and services and their dealings with financial service providers

EXECUTIVE SUMMARY

The National Financial Inclusion Strategy (NFIS) 2017–2022, which was extended by one year until 2023, was designed to enable the Republic of Zambia to achieve universal access to and promote usage of a broad range of quality and affordable financial products and services in both the formal and informal sectors. The NFIS Review Report (2023) highlighted remaining challenges and gaps in financial inclusion, as well as emerging issues that could hinder or reverse progress in the country. This National Financial Inclusion Strategy (NFIS) 2024–2028 is a renewed commitment to addressing the identified challenges and gaps as well as setting the strategic road map to achieve 85 percent financial inclusion in the next five years.

The NFIS (2024–2028) aims to create an inclusive and robust financial ecosystem that provides accessible, affordable and sustainable financial products and services to all segments of the population, with a view to help increase financial resilience, improve financial health and build confidence in making financial decisions across various contexts. Based on this vision, the NFIS (2024–2028) defines financial inclusion as *"access to and informed usage of a broad range of quality and affordable financial products and services that meet the needs of all individuals and businesses in a fair, simple, dignified and sustainable manner"*, and sets the following strategic objectives:

- Achieve universal access to affordable and regular usage of a broad range of financial products and services;
- Enhance the quality of financial products and services;
- Enhance the financial health and capability of individuals and businesses;
- Strengthen consumer protection measures to ensure that all segments of the population are treated fairly and transparently by financial service providers; and
- Expand the financial ecosystem to support sustainable financial sector development.

Despite the challenges encountered during the implementation of NFIS (2017–2022), the country has made considerable progress in financial inclusion, evidenced by an increase from 59.3 percent in 2015 to 69.4 percent in 2020. Formal financial inclusion significantly increased from 38.2 percent in 2015 to 61.3 percent in 2020, and in corollary, informal financial inclusion decreased from 37.9 percent in 2015 to 32.2 percent in 2020. Financial inclusion amongst males and females increased from 61.2 percent in 2015

to 71.2 percent in 2020 and 57.4 percent in 2015 to 67.9 percent in 2020, respectively. The significant increase in mobile money users from 14 percent in 2015 to 50.8 percent in 2020 demonstrates its critical contribution to enhancing financial inclusion in the country.

In order to address the remaining challenges and gaps, and to achieve financial inclusion for all, the NFIS (2024–2028) Framework outlines six thematic areas with two cross-cutting areas:

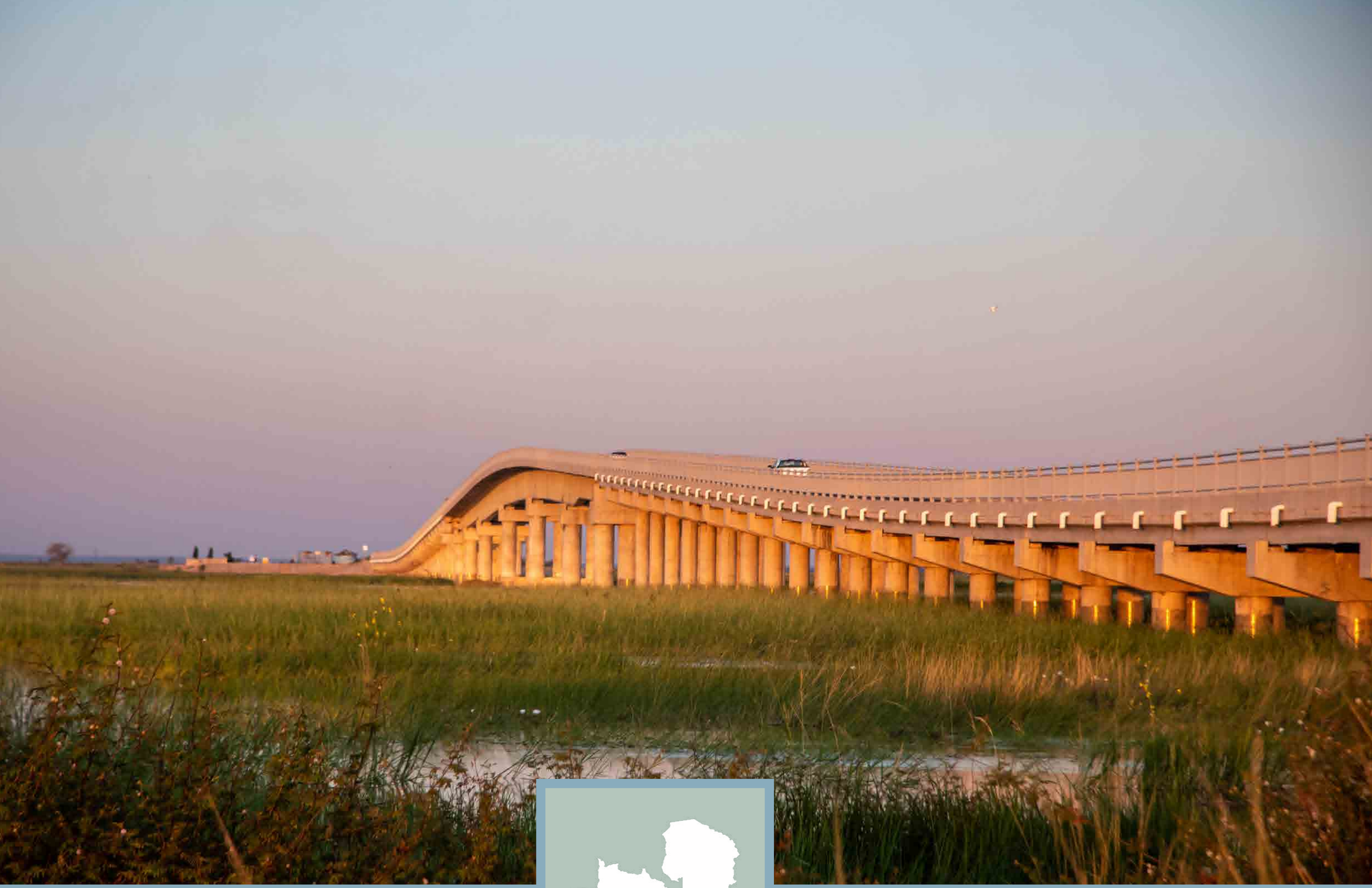
- Financial inclusion for micro, small and medium enterprises (MSMEs);
- Financial inclusion in rural areas;
- Financial inclusion for the underserved population (women, youth, senior citizens, persons with disabilities citizens, and refugees);
- Financial inclusion for:
    - agriculture;
    - environmental, social and governance;
    - digital financial services; and
    - financial infrastructure;
- Financial consumer protection and capability; and
- Monitoring and evaluation (M&E), data and research.

In addition, the NFIS (2024-2028) comprises of a detailed results framework and an action plan with a number of actions centered on the above-mentioned thematic areas. Key initiatives within the action plan include:

- Developing an MSME Finance Strategy;
- Promoting the use of electronic transactions in rural areas;
- Integrating financial inclusion data within e-government services or systems;
- Promoting and enhancing access to warehouse receipt financing;
- Promoting the development and usage of green, customer-centric and innovative financial products and services for different tiers of the population and businesses;
- Reviewing the pricing structure of interoperable transactions and enhancing the operational efficiency of the National Financial Switch; and
- Scaling up awareness campaigns on available financial products and services.

One of the lessons learnt from the NFIS (2017–2022) implementation was the limited availability of data that could be frequently collected to measure the strategy's impact. In this regard, the NFIS (2024–2028) has included a cross-cutting thematic area on M&E, data and research to ensure that progress on financial inclusion for the next five years can be tracked and measured effectively. Additionally, the NFIS (2024–2028) has identified key risks that could potentially hinder the overall success of the strategy, and mitigation measures for each risk have been proposed.


VISA
Classic



SECTION 1

INTRODUCTION

About two decades ago, the Government of the Republic of Zambia set out to implement financial sector reforms under the Financial Sector Development Plan (FSDP) 2004-2009. This plan was spearheaded by the Bank of Zambia (BOZ) in collaboration with other financial sector regulators, namely the Securities and Exchange Commission (SEC) and the Pensions and Insurance Authority (PIA). Following two successive FSDPs (2004-2009 and 2010-2015), the government developed its first National Financial Inclusion Strategy (NFIS) and the National Financial Sector Development Policy (NFSDP) in 2017.

The NFSDP was designed to guide the development of the financial sector. The NFIS (2017–2022), which was extended by one year until 2023, and National Strategy on Financial Education (NSFE) II 2019–2024 were developed as part of the operationalization of the NFSDP. The NFIS (2017–2022) was introduced with the vision of achieving universal access to and promote the use of a broad range of quality and affordable financial products and services in the formal and informal sectors. Further, it also ought to provide a roadmap to accelerate financial inclusion, building on past efforts such as the previous FSDPs.

The NFIS (2017–2022) set a target of achieving 80 percent financial inclusion by 2022. Following its implementation, the country has recorded an increase in financial inclusion from 59.3 percent in 2015 to 69.4 percent in 2020.[1] While recognizing the overall increase in financial inclusion, the NFIS Review Report (2023) showed that there are remaining gaps and challenges in achieving the government's vision of ensuring financial inclusion for all. Such challenges include continued financial inclusion disparities between rural and urban areas, across genders, income levels, and in access to finance for MSMEs and agricultural sector.

The country is committed to reducing financial exclusion for the adult population by fostering an enabling environment to encourage financial service providers (FSPs) to develop innovative and customer-centric products as espoused in the 8th National Development Plan (8NDP).[2] Therefore, building on the NFIS (2017–2022), as well as previous efforts by the government to improve financial inclusion for all citizens, the NFIS (2024–2028) deliberately targets the segment of populations, sectors and areas identified as financially underserved and excluded. To this end, the strategy continues the efforts to improve the quality and usage of affordable financial products and services. In addition, it addresses emerging issues and their impact on financial inclusion, such as climate change and cyber security and emphasizes improving financial health and consumer protection.

1.1 RATIONALE FOR THE NATIONAL FINANCIAL INCLUSION STRATEGY (2024–2028)

The NFIS Review Report (2023) highlighted remaining challenges and gaps in financial inclusion and emerging issues that could hinder or reverse its progress in the country. The NFIS (2024–2028) represents a renewed commitment by the government to addressing these challenges and gaps, and setting a strategic roadmap to achieve 85 percent financial inclusion in the next five years. The NFIS (2024–2028) will bolster broader stakeholder engagements to encourage actions in identified thematic areas, and enhance interventions through effective collaborations including public, private and inter-governmental partnerships. It continues to operationalize the NFSDP 2017 and is closely aligned with other financial sector strategies, such as the NSFE II which aims to improve the knowledge, understanding, motivation, and confidence to secure positive financial outcomes.[3] The NFIS (2024–2028) is also supported by the Rural Finance Policy and Strategy which seeks to ensure access to financial services for the rural individuals and businesses[4]; and the Capital Markets Master Plan (CMMP) as well as other government strategies.[5]

1.2 DEFINITION OF FINANCIAL INCLUSION IN ZAMBIA

For the purpose of this strategy, financial inclusion is defined as "*access to and informed usage of a broad range of quality and affordable financial products and services that meet the needs of all individuals and businesses in a fair, simple, dignified and sustainable manner*".

The specific components of the definition are further detailed as follows[6]: **"access"** is defined as close physical proximity to a financial access point and the reduction of other mechanical barriers to product updates, such as documentation; **"informed usage"** refers to active use of financial products or services by financially capable consumers;

"**quality**" implies that the products used are suitable, satisfy customer needs, and meet acceptable consumer protection standards; "**affordable**" means products that are within the means of consumers and are suitable for the provider; and "**a fair, simple, dignified and sustainable manner**" means the financial products and services offered and available to the customers are suitable for the customers' needs and affordability, understood by the customers without complication, offered to them with respect and dignity, and financially sustainable for both customers and financial service providers.

1.3 VISION

An inclusive and robust financial ecosystem that provides accessible, affordable and sustainable financial products and services to all segments of the population, which help increase their resilience, improve their financial health and build their confidence[7] in the financial system.

This is an aspirational and long-term vision for the NFIS (2024–2028), further elaborated from the vision set under the NFIS (2017–2022), considering the progress made and the remaining challenges that the NFIS (2024–2028) aims to address. The high-level targets for the NFIS (2024–2028) are to have 85 percent of the population financially included (formally and informally) and 80 percent of the adult population formally financially included by 2028.

1.4 OBJECTIVES

The NFIS (2024–2028) envisions the following strategic objectives critical to achieving the vision.

1. Achieve universal access to affordable and regular usage of a broad range of financial products and services;
2. Enhance the quality of financial products and services;
3. Enhance the financial health and capability of individuals and businesses;
4. Strengthen consumer protection measures to ensure that all segments of the population are treated fairly and transparently by financial service providers; and
5. Expand the financial ecosystem to support sustainable financial sector development.

SECTION 2

CURRENT MACROECONOMIC AND FINANCIAL SECTOR LANDSCAPE

2.1 MACROECONOMIC LANDSCAPE

Zambia is a land-linked country sharing its borders with eight countries. As such, its economic activities rely heavily on cross-border trade with neighbouring and other countries around the world. During the period between 2017 and 2022, economic growth slowed and averaged 2.5 percent, which was lower than the annual population growth rate of 2.9 percent[8], resulting in lower per capita income (Table 1).

Table 1: Key Demographic and Economic Indicators of Zambia

Year	2017	2018	2019	2020	2021	2022
Population, total	17,298,054	17,835,893	18,380,477	18,927,715	19,473,125	20,017,675
Population density (people per km^2 of land area)	23.3	24.0	24.7	25.5	26.2	–
Population ages 0–14 (percent of the total population)	44.86	44.50	44.10	43.68	43.26	42.86
Population ages 15–64 (percent of the total population)	53.46	53.81	54.19	54.59	55.00	55.40
Population ages 65 and above (percent of the total population)	1.68	1.69	1.71	1.73	1.74	1.75
Population growth (annual percent)	3.11	3.06	3.01	2.93	2.84	2.76
GNI per capita, PPP (current international $)	3240	3450	3450	3260	3250	3680
GDP per capita growth (annual percent)	0.33	0.90	-1.56	-5.60	1.67	1.9
GDP growth (annual percent)	3.50	4.03	1.44	-2.79	4.60	4.74

Source: World Bank, Macro and Poverty Outlook: Zambia 2021.

Factors such as the collapse of commodity prices, climate change, protracted fiscal expansion, and unsustainable debt accumulation negatively affected the country's economy and the financial sector stability, thus increasing its vulnerabilities during this period.[9] Further, disruption of the value chains and the domestic and global movement of goods and services due to border lockdowns, travel restrictions and social distancing caused by the COVID-19 pandemic, significantly impacted the economic activities, financial sector and livelihoods of the people.

More than half of the households experienced loss of income in the months following the onset of the pandemic.[10] In addition, a considerable reduction in employment due to job losses in urban and rural areas was recorded, with the worst being the tourism, manufacturing, and services sectors. The World Bank Enterprise Survey 2021, showed that more firms experienced financial distress, with about 10 percent permanently closed since the pandemic. The rate of closing was higher for small firms (15.9 percent) compared to medium-sized (6.3 percent) and large firms (7.5 percent).[11] In order to lessen the impact of the pandemic, the Government and BOZ undertook specific measures such as lowering policy rates, revising loan classification provisioning rules and establishing a Medium Term Refinancing Facility (MTRF).

The effective loss of access to external financing forced the government to increasingly rely on more expensive domestic borrowing, which resulted in an accumulation of a huge domestic debt and arrears adding stress to the country's financial stability. Poverty levels increased amid these challenging economic situations and adverse weather shocks. As a result, in 2022, Zambia slipped back into the low-income category for the first time since attaining lower middle-income status in 2011.

2.2 FINANCIAL SECTOR LANDSCAPE

2.2.1 Current Structure of the Financial System

Zambia's financial sector, as is the case with several other lower income countries in the sub-Saharan Africa, is relatively small and dominated by the banking sector in terms of financial asset size (65 percent in 2022). Foreign-owned banks dominated the banking sector and accounted for 83 percent of total assets in 2022. The non-bank financial institutions (NBFI) sector was dominated by pension funds (72 percent), of which the government-owned National Pension Scheme Authority (NAPSA) accounted for 75 percent. Microfinance institutions (MFIs) comprised approximately 10 percent of NBFI sector assets and they have been growing rapidly. Insurance companies were approximately 7 percent of NBFI sector assets. Other NBFIs included two building societies, one government-owned savings and credit bank, seven leasing and financing companies, one development bank, 74 foreign exchange bureau in 2022,[12] and 94 savings and credit cooperatives in 2021.[13] In 2022, 54 financial service providers operated in Zambia—including 17 commercial banks, 9 Microfinance Institutions (MFI), 3 Mobile Network Operators (MNOs), and 12 third-party providers.

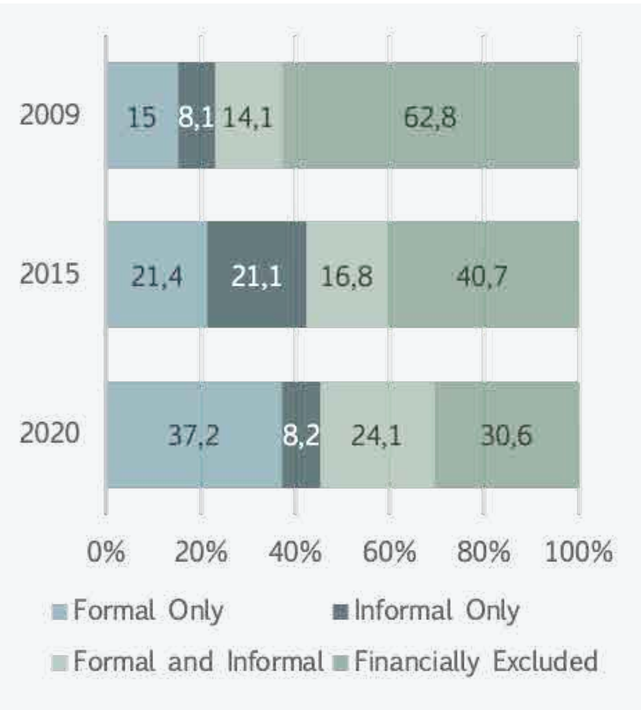
2.2.2 The Current State of Financial Inclusion

Table 2: FinScope Topline Findings in 2015 and 2020

Description	2015	2020
Total adult population (million)	8.1	9.5
Level of financial inclusion (%)	59.3	69.4
Financial inclusion amongst males (%)	61.2	71.2
Financial inclusion amongst females (%)	57.4	67.9
Financial inclusion in urban areas (%)	70.3	83.8
Financial inclusion in rural areas (%)[14]	50.1	56.9
Formal financial inclusion[15] (%)	38.2	61.3
Informal financial inclusion[16] (%)	37.9	32.2
Financially healthy adults (%)	-	13.6
Financially literate adults (%)	-	23.6

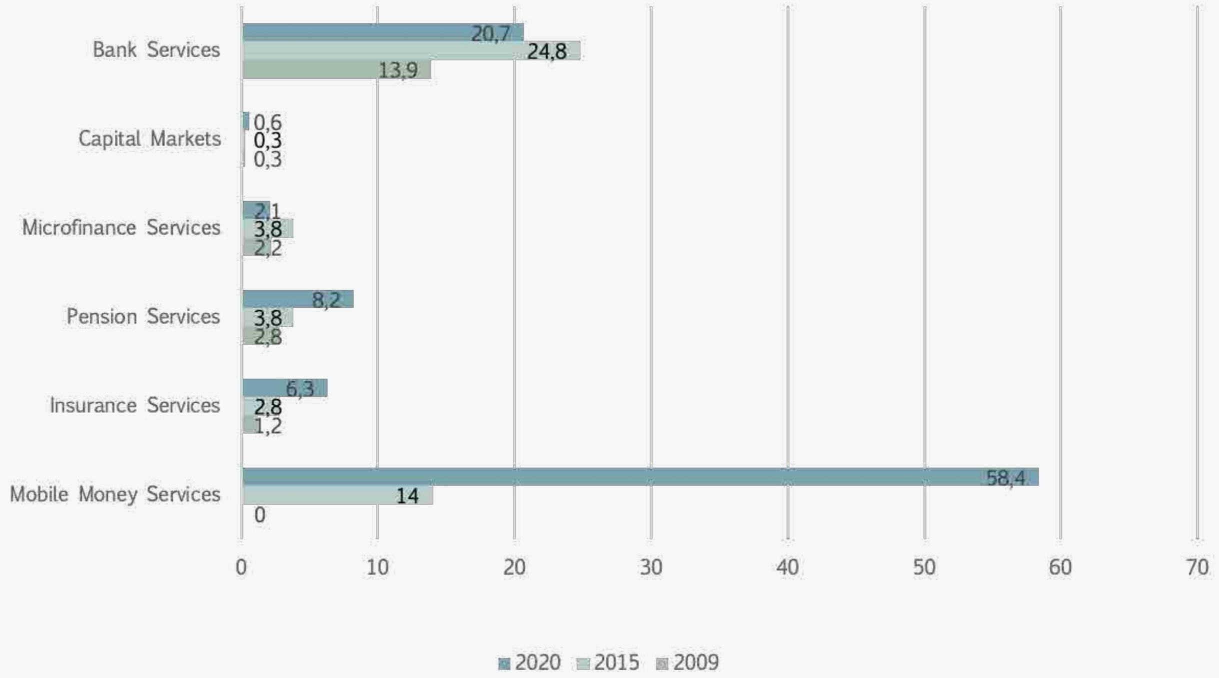
Financial inclusion in Zambia has improved significantly during the NFIS implementation period (2017–2023), despite the wide range of challenges faced by the country. The Zambia FinScope surveys, undertaken in 2005, 2009, 2015 and 2020, are the key data sources for measuring financial inclusion levels. The results of the 2020 FinScope survey, undertaken during the peak of the COVID-19 pandemic, show that financial inclusion (both formal and informal) in Zambia increased from 59.3 percent in 2015 to 69.4 percent in 2020 (Table 2). The formal financial inclusion significantly increased from 38.2 percent in 2015 to 61.3 percent in 2020, while informal financial inclusion decreased from 37.9 percent in 2015 to 32.3 percent in 2020.

Figure 1: FinScope Financial Access Strand



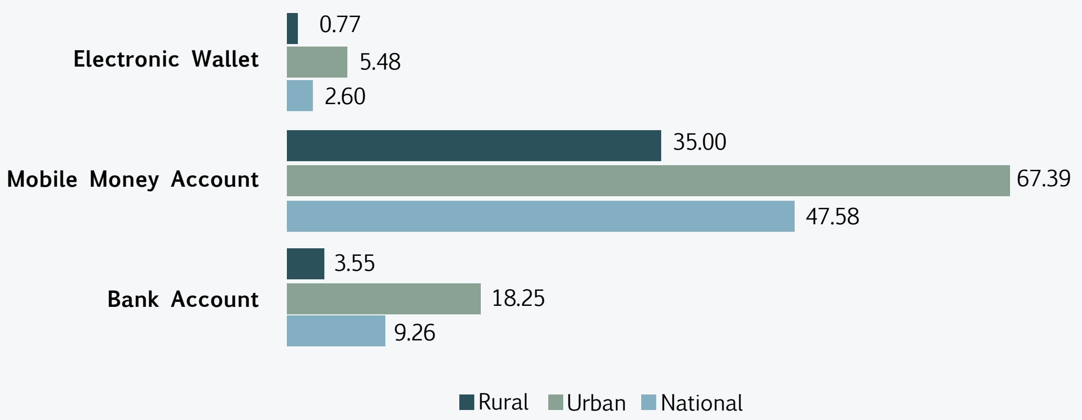
One of the notable changes indicated by the surveys is that the usage of bank services decreased from 24.8 percent in 2015 to 20.7 percent in 2020. Conversely, there was a significant increase in mobile money usage from 14 percent in 2015 to 58.4 percent in 2020, showing its critical contribution to increasing financial inclusion. This could partly be attributed to the convenience that mobile money transactions offered to users in accessing varied range of financial services as well as the innovative approach adopted by mobile money service providers in designing their products and services that suit the needs of clients. In addition, the enabling regulatory environment created by regulators also played a critical role in promoting the growth and expanding the uptake of mobile money services. Although there was an increase in usage of insurance and pension funds, it remains relatively small.

Figure 2: Trends in Uptake of Formal Financial Products and Services (% of adults who have/use formal services)



The ICT survey of 2022 also reconfirms that mobile money accounts are the most used and owned formal financial services and products in both urban and rural areas, compared to bank accounts and electronic wallet.

Figure 3: Ownership of Different Types of Accounts by Individuals across Regions; 2022



The IMF's 2022 Financial Access Survey (FAS) shows that, while Zambia has a lower density of branches (banks, MFIs, insurance, etc.) and ATMs for financial access points, it has significantly higher density of mobile agent outlets (both active and registered) compared to other countries in the region (Table 3).

Table 3: Access Point: IMF FAS 2022

	Zambia	Botswana	Kenya	Mozambique	Namibia	Rwanda	Tanzania	Uganda	Zimbabwe
# of commercial bank branches per 100,000 adults	2.70	7.73	4.39	3.58	9.35	3.14	2.35	2.34	5.54
# of all microfinance institution branches per 100,000 adults	5.18	21.21	0.29	11.78	0.12	3.34	0.20	0.33	15.45
# of ATMs per 100,000 adults	8.10	35.48	6.85	8.45	75.58	4.09	5.61	3.68	3.86
# of registered mobile money agent outlets	409,771.00	13,050.00	318,607.00	147,519.00	2,067.00	150,767.00	-	479,585.00	-
# of active mobile money agent outlets	247,665.00	6,928.00	317,983.00	-	2,067.00	146,767.00	-	393,884.00	-

# of mobile money agent outlets: active per 100,000 adults	2,165.13	390.81	946.41	-	126.29	1,731.28	-	1,509.68	-
# of registered mobile money agent outlets per 100,000 adults	3,582.29	736.15	948.27	792.23	126.29	1,778.46	-	1,838.15	-
# of non-branch retail agent outlets of commercial banks per 100,000 adults	17.20	1.30	-	12.04	3.18	99.08	202.79	122.89	34.92
# of insurance corporations per 100,000 adults	0.29	1.47	0.17	0.10		0.20	0.09	-	-
# of branches of other deposit takers per 100,000 adults	0.66	8.12	-	0.05	-	0.96	-	0.24	0.39

SECTION 3

NFIS (2024–2028) THEMATIC AREAS

Zambia recorded notable improvements in the overall financial inclusion during the NFIS (2017-2022) implementation period. Notwithstanding, some gaps and challenges persist in specific segments of the population, areas and sectors. These are confirmed by the results of the 2020 FinScope Survey, NFIS Review Report (2023) inputs received during consultations for the development of the NFIS (2024-2028), as well as other surveys and diagnostics conducted. In consideration of this, the NFIS (2024-2028) focuses on the disproportionately financially underserved sectors, areas and populations as thematic areas. The following sections provide further details of these areas.

3.1 FINANCIAL INCLUSION FOR MICRO, SMALL AND MEDIUM ENTERPRISES

Micro, Small and Medium Enterprises (MSMEs) are vital to the economy and account for approximately 97 percent of enterprises in Zambia. The sector employs 88 percent of the labour force and contributes 70 percent of the Gross Domestic Product (GDP).[17] Of all MSMEs, 95.6 percent are informal while 4.4 percent are formal. In terms of size, 98.8 percent are micro, 1 percent are small and 0.2 percent are medium enterprises.[18]

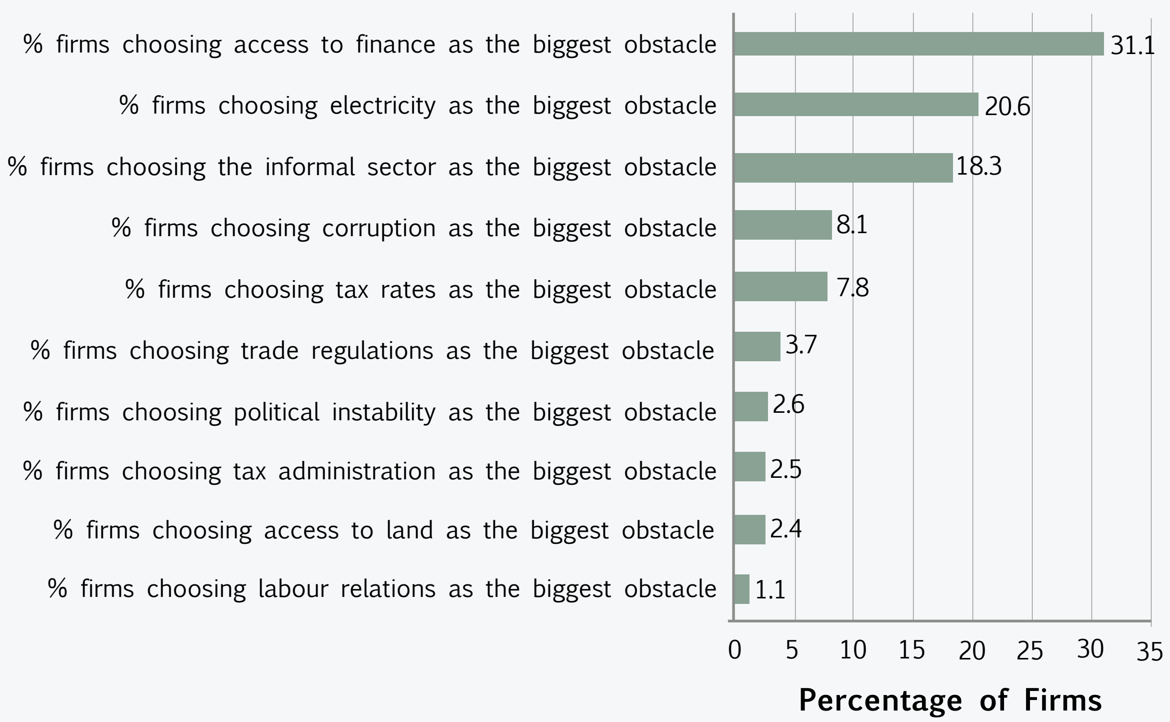
Recognizing the importance of MSMEs as a driver of economic growth, the government established the Ministry of Small Medium Enterprise Development (MSMED) in 2021, with the mandate to foster the development and growth of MSMEs and cooperatives. Over the years, the key legislations and policies supporting MSMEs have been developed, including the Citizens Economic Empowerment Act No. 9 of 2006, the Companies Act No. 10 of 2017, and the Business Regulatory Review Act No.3 of 2014 and the Micro, Small and Medium Enterprise Development Policy of 2008.

The overall financing volume channeled towards MSMEs has grown. As reported in the 2021 Credit Marketing Monitoring Report, the number of credit loans disbursed to the sector increased from 188,144 in 2020 to 231,381 in 2021.[19] Notwithstanding, access to financial services such as credit and insurance remains a persistent issue for the MSMEs due to a variety of constraints.

Cost of borrowing is one of the primary constraints. The average commercial bank lending rates have generally been high, at 25.7 percent in 2021 and 25.5 percent in 2022[20]. Further, the interest rates offered by the Micro Finance Institutions (MFIs) have been higher than those of commercial banking. Other constraints faced by MSMEs include informality, high collateral requirements, high non-performing loans (NPL), and limited financial literacy.

During the NFIS (2017–2022) implementation period, notable progress was made in

Figure 4: Percentage of Firms with Various Obstacles to Access to Credit



addressing the critical challenges highlighted above. Key achievements include the establishment of a movable collateral registry in 2017 (housed at the Patents and Companies Registration Agency), and the enhancement to credit information system and the warehouse receipt system. However, these systems still require efficient operationalization and utilization by both FSPs and MSMEs. The NFIS Review Report (2023) also confirms that credit risk remains a significant concern for most FSPs that offer credit to MSMEs. Further the limited offering of alternative funding sources by the capital market such as venture capital, private equity and money markets financing instruments for MSMEs continues to hinder the growth of MSMEs.

Enhancing financial inclusion for MSMEs will require building on the progress made by the financial sector regulators in designing, piloting and launching policies and frameworks that support the development of innovative products and services and scaling them up to create significant impact. Further, enhanced collaboration, including through private and public partnerships will be required to create a conducive environment that further spurs the development of innovative financial products and services such as agency banking, mobile banking, digital lending, and insurance —all of which have had direct benefits on MSMEs. Additionally, intra-governmental collaboration and coordination needs to be strengthened to bolster support for MSMEs, ensuring their growth. This includes areas such as business registration, capacity building on business development and literacy, start-up support, strengthening value chain financing, and better linking the MSMEs with financial service providers.

BOX 1

Summary of Challenges and Gaps – Financial Inclusion for MSMEs

Gaps and challenges

- Limited financing options and high cost of borrowing for MSMEs
- High fees for both traditional and digital transactions
- MSMEs are perceived high risk due to unstable cash flows, collateral and weak governance (fragmented information)
- Low financial literacy including basic understanding of financial products and service, financial management and record keeping.
- Unfavorable tax regime for MSMEs
- Low levels of formalization amongst MSME due to barriers to entry and operational requirements imposed supervisory/licensing institutions (e.g., PACRA, local authorities, ZRA, ZABS, etc.)
- Inadequate incentives to formalize MSMEs such as tax relief
- Insufficient awareness on financing options and availability of capacity building and business support programs (such as those provided by Zambia Development Agency, Citizen Economic Empowerment Commission and others)
- Lack of centralized information source on financing options and trainings
- Lack or limited access to markets
- Energy deficits
- Inadequate financial products and services for women-led MSMEs
- Adverse impact of climate change

3.2 FINANCIAL INCLUSION IN RURAL AREAS

The overall financial inclusion in Zambia has increased significantly, but notable disparities persist, especially in rural areas. While rural financial inclusion improved from 51.2 percent in 2015 to 56.9 percent in 2020, considerable gaps remain particularly when compared to urban areas, which reported 83.8 percent inclusion rate in 2020. With approximately 60 percent of Zambia's population residing in rural areas these disparities underscore the need for careful consideration in shaping the NFIS (2024–2028)[21].

Figure 5: Financial Access Strand by Rural/ Urban

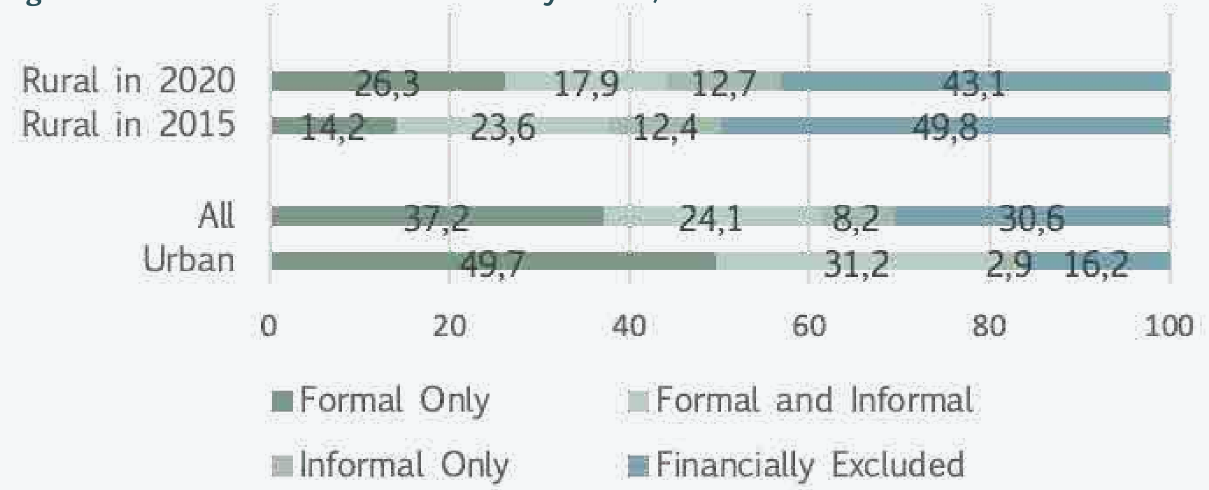
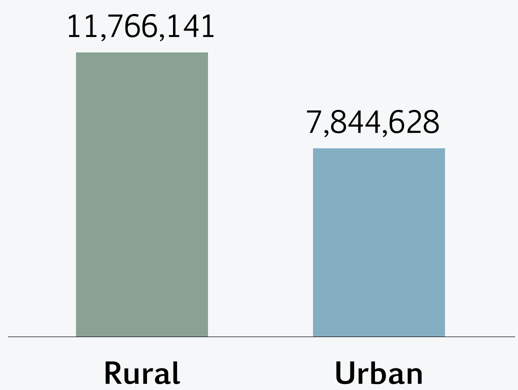


Figure 6: Rural/Urban Population



The outreach of financial service providers to rural areas is limited. The country's financial access points are highly concentrated in Lusaka and Copperbelt, which are predominantly urban. This correlates to the higher financial inclusion achieved in Lusaka and Copperbelt compared to other provinces. Some of the critical challenges identified in providing financial services to rural areas include the inadequate infrastructure, inadequate float/ cash for cash-in and cash-out transactions, limited availability of merchant network and other digital platforms. In addition, there is low consumer confidence in financial services due to widespread and increased fraud cases.

Figure 7: Rural Urban Distribution

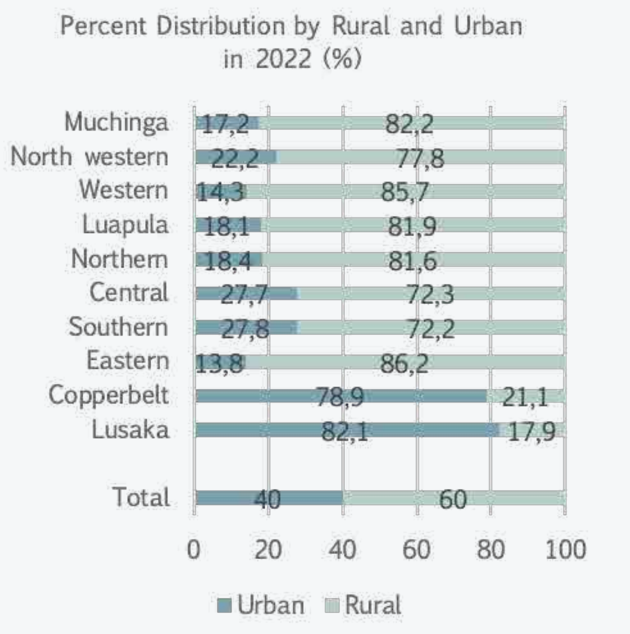


Figure 8: Financial Access Strand by Province 2020

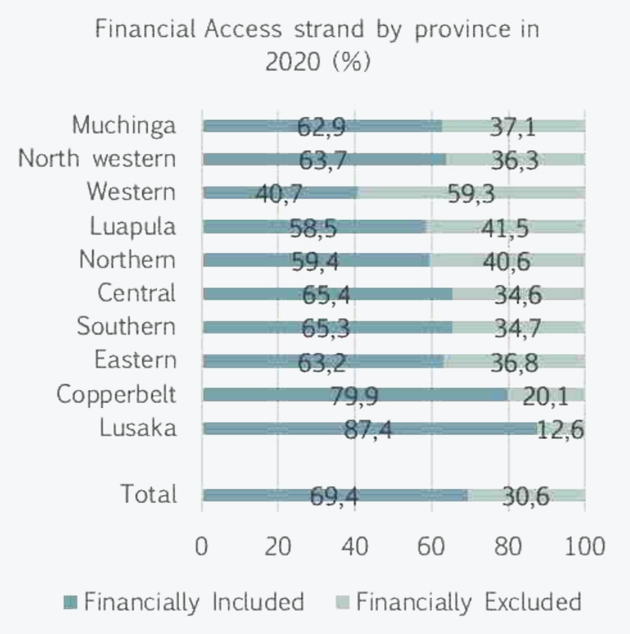
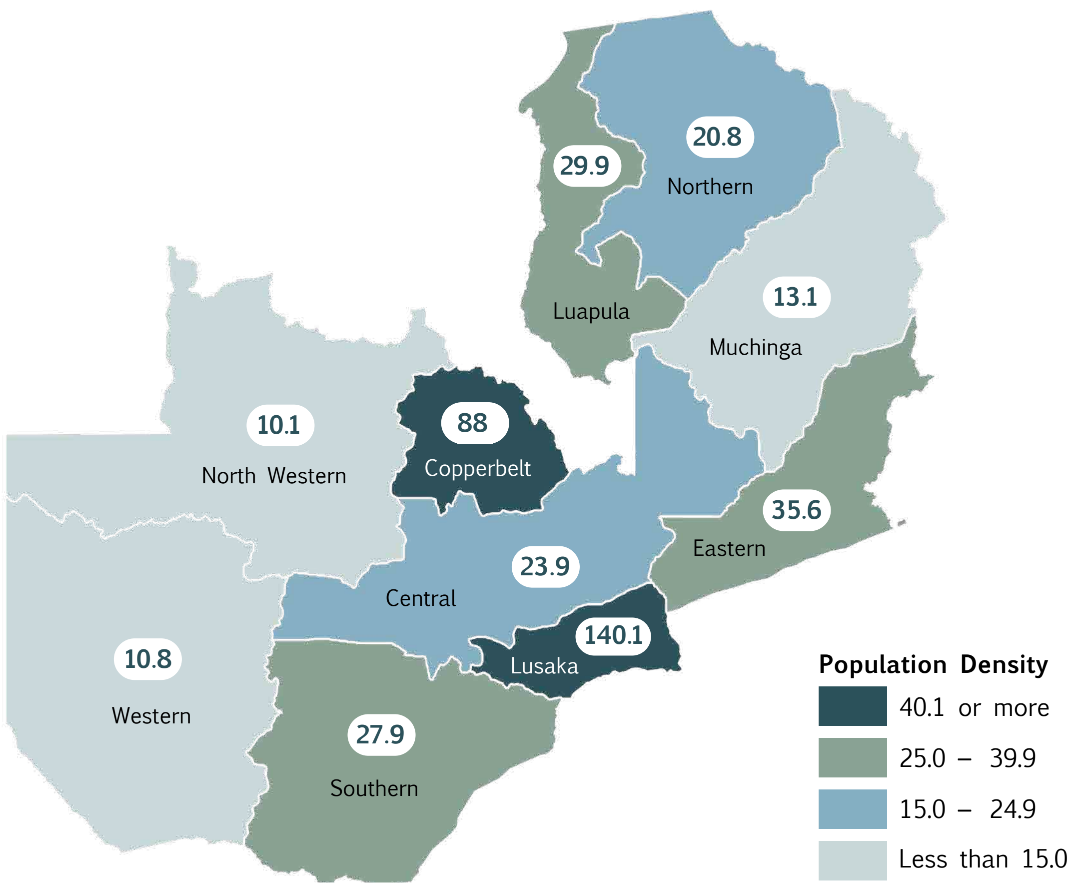


Figure 9: Population Density by Province



Increasing the outreach of financial services access points in areas with low population density areas is both costly and challenging. High poverty levels in rural areas necessitate innovative and cost-effective modes of service provision. The advent of digital financial services along with enabling environment supporting the expansion of agent networks by banks and mobile money operators have helped in mitigating such challenges and enhancing convenience for the rural population. However, expanding the agent network alone is insufficient to address the needs of financially underserved rural areas. Other innovative and cost-effective methods that can be leveraged to increase outreach include the utilization of existing public-owned facilities (such as schools, clinics, and post offices), as well as merchant outlets and religious facilities (such as churches), as access points.

BOX 2

Summary of Challenges and Gaps – Financial Inclusion for Rural Areas

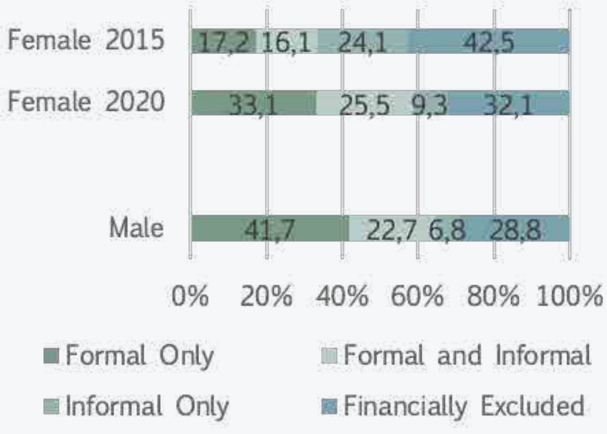
Gaps and challenges

- Inadequate infrastructure to support financial services in rural areas
- Inadequate float/cash to enable cash in and cash out transactions
- Limited availability of merchant network or digital platforms enabling the use of electronically stored value
- Low consumer confidence in financial services arising from widespread and increased cases of fraud e.g social engineering, fake transaction reversal claims and ponzi schemes
- Inadequate redress mechanisms for consumer complaints
- Limited financial and digital literacy, awareness and access to information
- Cultural factors inhibiting the access and uptake of financial products such as life insurance products and funeral policy
- Non-acceptance of certain classes of rural assets as collateral by financial institutions
- Limited innovative and customer-centric financial products and services
- Limited financial service access points
- Significant costs associated with providing formal financial products and services affecting profitability of service providers
- Agency banking networks remain underdeveloped, and the profitability of agents is not established

3.3 FINANCIAL INCLUSION FOR THE UNDERSERVED POPULATION

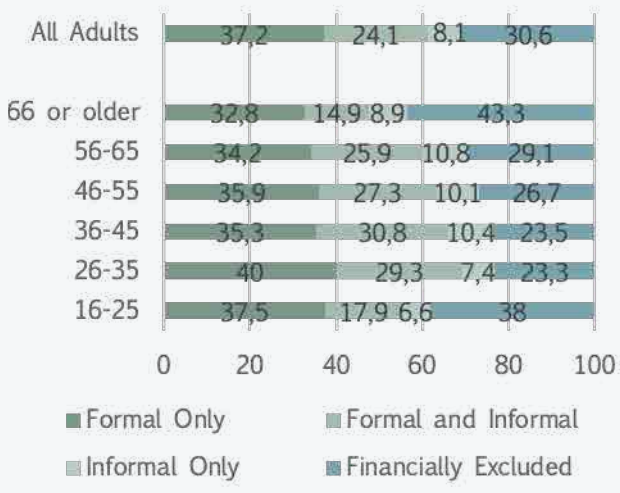
While the overall financial inclusion in Zambia has significantly improved, the 2020 FinScope Survey and the NFIS Review Report (2023) confirm that notable gaps remain in ensuring that women, youths, and senior citizens are financially include.. Furthermore, although limited data is currently available, persons with disabilities, as well as refugees, are likely to be more financially underserved or excluded. The NFIS (2024-–2028) is intended to close these gaps to create a financially inclusive environment and ecosystem to meet the needs of these segments.

Figure 10: Financial Access Strand by Gender in 2020



Women: Financial inclusion for women improved significantly compared to their status in 2015. Notably, the gap in access to formal financial inclusion significantly narrowed between males and females, largely due to an increase in the availability of Digital Financial Services (DFS) and efforts to link DFS, particularly mobile money with saving groups which are predominantly used by women in rural areas. Additionally, the gender gap in financial inclusion is less acute compared to disparities in financial inclusion between urban and rural areas. Nevertheless, there are still notable differences in the type and quality of financial products and services used by respective genders. Considering that women also play critical roles in the economy, education, food security and financial activities, financial services particularly DFS provide vulnerable groups with tools to address climate risks, enhance their resilience to climate--related economic shocks, and reduce environmental degradation and mitigate against climate change. It will be important for the NFIS (202-–2028) to sustain the progress in closing the gender gap and improving the access, usage and quality of financial products and services among women.

Figure 11: Financial Access Strand by Age (percent) in 2020



Youth: Zambia is one of the world's youngest countries by median age. As such, as the large youth population attains reproductive age, the population is anticipated to double in the next 25 years, potentially resulting in additional pressure on the demand for jobs, healthcare, and other social services. According to the 2020 FinScope Survey, financial exclusion was higher for the age group 16–25 years. The uptake and usage of financial products and services by youths would be critical to ensuring their transition to adulthood, their financial independence, capability and growth. Focus should also be given to children below the age of 16 by cultivating sound saving habits and empowering financial capability through financial education and literacy training.

Senior Citizens: Individuals aged 65 and older experienced a higher level of financial exclusion, at 43.3 percent in 2020 (figure 11). Financial products and services commonly needed by the elderly population, such as pension funds and insurance, are not widely available and accessible to this demographic. The low financial and digital literacy levels are some of the issues affecting this age group. Addressing their financial needs in the medium and long term is also critical to improving their level of financial inclusion.

Persons with disabilities: The Zambia Disability Survey conducted in 2015[22] revealed an estimated disability prevalence of 10.9 percent among adults (18 years and older). The prevalence was higher in urban areas than rural areas and more pronounced among females than males. Among children (2–17 years), the estimated prevalence stood at 4.4 percent. Visual impairment was reported as the most common functional challenge, followed by problems with walking, memory loss, hearing problems, self-care and communication.

Refugees: As a land-linked country bordering eight nations, Zambia has been a host to refugees and asylum seekers since the 1940s [23]. According to the United Nations High Commissioner for Refugees (UNHCR), as of January 2023, displaced persons were 81,639 comprising of 61,639 refugees, 2,604 asylum seekers, and 17,186 former refugees. Bank account ownership among the households surveyed was at 3.3 percent, whereas mobile money account ownership stood at 58.8 percent. This demographic exhibited a level of financial inclusion below the national average. The range of formal financial services available to displaced persons is limited, which hampers their economic empowerment and resilience.

BOX 3

Summary of Challenges and Gaps – Financial Inclusion for the Underserved

Gaps and challenges

- Low mobile phone ownership among underserved populations, which impedes access to mobile-based digital financial services
- Insufficient existing policies and strategies that prioritize underserved populations to improve their social and financial inclusion
- Limited customer-centric financial products and services for the underserved population
- Limited financial literacy and access to financial information
- Lack or limited access to capacity building programs
- Lack of disaggregated data by FSPs
- Limited access to credit due to high credit risk profile
- Limited information on access points for financial products and services

3.4 FINANCIAL INCLUSION FOR AGRICULTURE

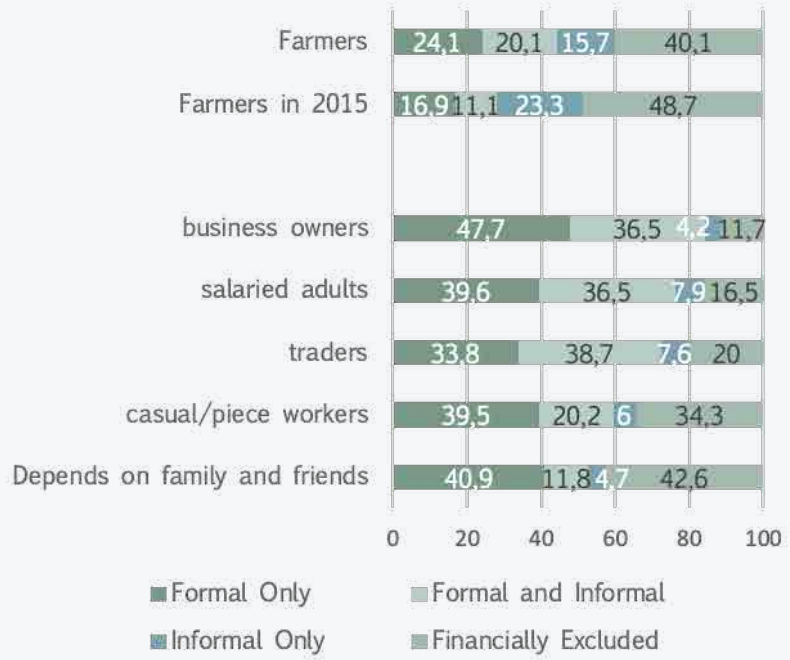
Agriculture is a critical sector in the Zambian economy, employing nearly half of the working population. The majority of those engaged in agriculture sector are small-scale farmers. Despite its significance, the agriculture sector has not supported poverty reduction in rural areas. The contribution to the country's GDP averaged 5 percent between 2014 to 2018[24].

Increasing financial inclusion for small-scale farmers and agricultural MSMEs could help transform the agriculture sector and contribute to poverty reduction and the country's economic growth. Among other factors, greater access to financial services is indispensable to enhancing resilience and increasing investments in transformational projects such as irrigation, storage, processing equipment, and high-quality inputs. The share of agriculture's GDP financed by the banking sector is among the highest in Africa. Yet, nearly 90 percent of the institutional credit is provided to a relatively small number of large-scale commercial firms. In comparison, only 11 percent of the small and emergent agriculture sector receive credit from formal financial institutions (2022 Q4)[25]. Zambia's agriculture insurance outreach has been growing as evidenced by a total of 1,024,434 farmers reached in 2023 compared to 998,791 in 2018. However, the product design and implementation weaknesses severely limit its benefits to farmers.

The NFIS (2017–2022) identified agriculture finance as a priority area, and farmers' access to the formal financial sector increased substantially to 44.2 percent in 2020 from 28 percent in 2015 in Zambia. According to data from the Global Findex 2021, 23 percent of adults who received any income from the sale of agricultural goods had access to an account, down from 40 percent in 2017, 13 percent received through mobile phone in 2021, down from 27 percent in 2017, and 72 percent received the payment in cash only, up from 53 percent in 2017. The small and medium-scale farmers still depend primarily on informal sources for credit.

The country's agriculture credit portfolio suffered from high NPLs. Agriculture sector NPLs for the whole financial sector, including loans from banks and non-banks, however, decreased from 24.3 percent in 2018 to 10.8 percent for agriculture (large scale) and 8.3 percent for agriculture (small scale) in 2022. Access to agriculture insurance increased significantly in the 2017/2018 farming season, driven by the nationwide launch of an innovative weather index insurance (WII) product and by adding an index insurance cover to the Government's Farmer Input Support Program (FISP). However, the rapid scale-up also led to significant implementation challenges and deficiencies, including the program's failure to make timely claim payouts to the farmers. In addition, the payouts were made as forms of e-vouchers that could only be redeemed for agricultural inputs in the following crop season. Such deficiencies reduced the benefits expected from the agriculture insurance program.

Figure 12: Financial Access Strand by Main Source of Income in 2020



Given the important role the agriculture sector plays in the Zambian economy, it is critical that access to finance for small and medium-scale farmers is increased and the effectiveness of the agriculture insurance program is ensured. These outcomes can contribute to breaking the low productivity trap in the agriculture sector, protecting livelihoods, and strengthening the sector's contribution to economic growth and rural poverty reduction.

BOX 4

Summary of Observed Challenges and Gaps – Financial Inclusion for Agriculture

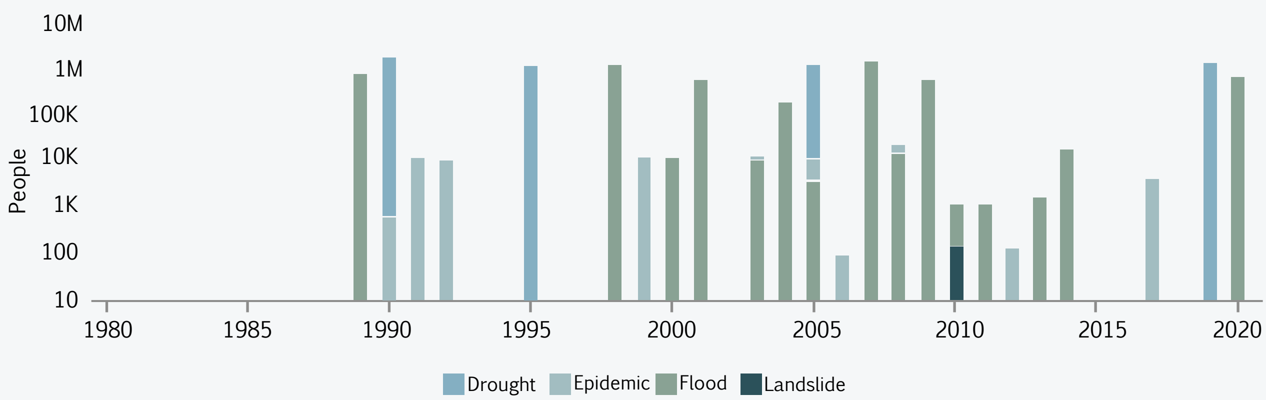
Gaps and challenges

- Limited access to financing due to high cost of borrowing, limited or lack of collateral and unavailability of records
- Lack of customer centric financial products and services
- Limited financial literacy and awareness of available financial products and services
- Weak market linkages leading to inability to convert agricultural production into cash flows, consequently affecting lending decision by FSPs
- Information asymmetry between FSPs and smallholder farmers
- Limited cohesive policy and regulatory frameworks for inclusive agricultural finance
- Inadequate risk mitigation mechanisms available to smallholder farmers
- Informality of the majority small-scale farming businesses

3.5 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In the last three decades, Zambia has frequently experienced seasonal and flash floods, extreme temperatures and droughts with increased severity. Zambia is vulnerable to natural hazards, especially floods and drought due to global warming and climate change effects.[26] Many of those vulnerable to national hazards depend on agriculture which is highly affected by climate change, posing high risk and financial vulnerability in their economic activities and livelihood. This population segment (rural, agricultural, and poor) is also financially underserved and has limited access, if not none, to risk mitigation tools / financial products (insurance, savings, credit, etc.) when such events occur.

Figure 13: Key Natural Hazard Statistics for 1980–2020 (Number of People Affected)



Source: The World Bank Climate Change Knowledge Portal

To this end, environmental, social and governance (ESG), identified as an emerging issue both locally and globally, is one of the focus areas in the NFIS (2024–2028). Furthermore, these efforts are in line with Government's aspirations to advance the green economy agenda which has been placed as a top priority for the country. This is evidenced by among others, Government's creation of the Ministry of Green Economy and Environment in 2021 and efforts aimed at greening the financial sector primarily being driven by financial sector regulators (BOZ, SEC and PIA) through the Green Finance Mainstreaming Working Group and other interventions. Furthermore, the country has recorded notable progress in creating a conducive regulatory environment that supports green finance, for instance, the issuance of the Securities (Green Bonds) Guidelines by SEC in 2019 and Banking and Financial Services (Green Loans) Guidelines by BOZ in 2023.

The 2020 FinScope Survey collected information on adults who experienced hardships due to climate change. The survey results confirm the high level of vulnerability to climate change. The survey indicated that 65.8 percent of all adults and 67.8 percent of those in rural areas experienced effects of climate change, such as heat waves, drought, crop failure, pollution or excessive rainfall. Further, the survey found that 77.5 percent of the adult population and 79.3 percent of those in rural areas experienced hardships related to climate change, such as a rise in prices of goods and services, loss of crops, business or employment, illness or death of a family member.

Figure 14: Type of hardship experienced due to climate change in 2020 (%)

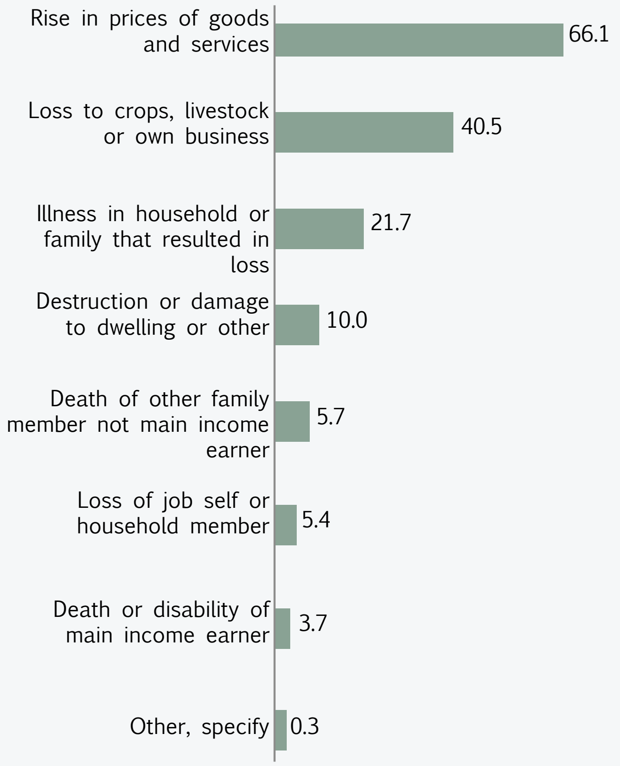
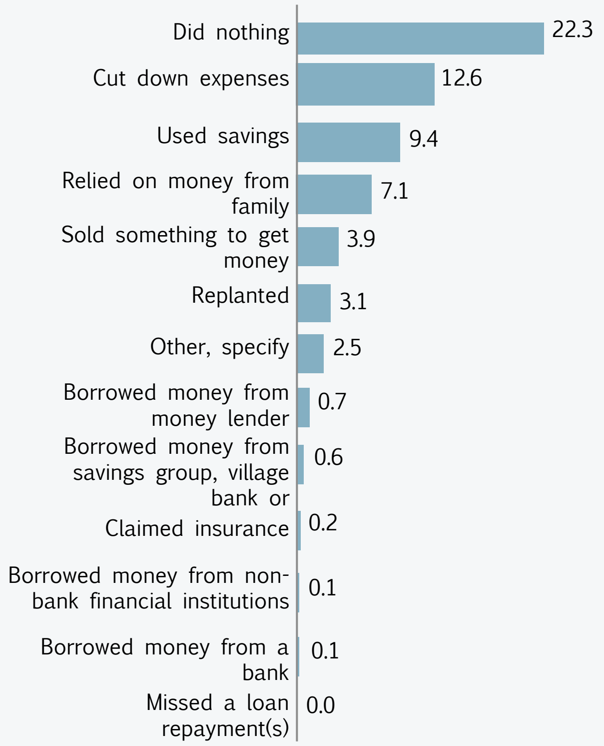


Figure 15: Coping strategy to the impact of climate change in 2020 (%)



Source: FinScope Survey 2020

The main coping strategies against the effects of climate change were cutting expenses, using savings, and relying on support from family members. The use of formal financial products and services to cope with impacts of climate change appears to be the least employed strategy Of note, 22.3 percent reported having no coping strategy. Financial services such as digital finance, allow vulnerable groups to mitigate climate risks, enhance resilience to climate-related economic shocks, and use financial tools to reduce environmental degradation. However, the financial products and services that could serve as mitigation tools are underdeveloped and not widely recognized or understood. While the importance of savings is recognized, financial products such as insurance need to be enhanced and made more easily comprehensible for end users. In the 2020 FinScope survey, only 0.2 percent of respondents reported to have claimed their insurance as a coping strategy.

Though the insurance industry recorded a 12.89 percent growth rate in terms of Gross Written Premium (GWP) in 2022, its penetration remains relatively low. The industry recorded a GWP of K6,032 million in 2022 with a resultant Insurance Penetration Ratio (IPR) of 1.20 percent of the GDP[27] showing that the insurance penetration is still very low and under developed as compared to the global average of 7 percent of GDP. In recognizing and responding to this low uptake of insurance, innovative financial products and services have been developed in recent years. For instance, an innovative weather index insurance (WII) product was launched and scaled up nationally by adding an index insurance cover to the Government's FISP in 2016.

However, the rapid scale-up also led to significant implementation deficiencies and challenges, particularly in terms of timely claim payouts to the farmers and forms of payout, which resulted in a substantial reduction of benefits offered by agriculture insurance products. Limited understanding of insurance products and services by farmers has also been identified as a critical challenge.

BOX 5

Summary of Observed Challenges and Gaps – Environmental, Social and Governance

Gaps and challenges

- Fragmentation of the various existing policies and strategic documents, which make it difficult to have cohesive actions to improve financial inclusion
- The sustainability of partner and donor-funded projects was a concern, especially once the project tenure elapses. Additionally, a top-down method in the delivery of these projects often creates a disconnect at grassroots levels
- Limited understanding of financial inclusion and its links to inclusive green finance
- Limited availability of financial product and service designs meeting greening agenda
- Limited access and information to readily available green financial products and services
- Long settlement periods for insurance claims
- Limited data availability and lack of M&E framework
- Low levels of sensitization and people are generally unaware of green finance products.
- High demand for charcoal in the urban areas leading to deforestation
- Limited/restricted funding and short term alternative livelihoods for rural communities.

3.6 DIGITAL FINANCIAL SERVICES AND FINANCIAL INFRASTRUCTURE

In recent years, the growth of DFS has significantly contributed to the diversification and outreach of the financial sector. The rapid expansion of DFS, particularly mobile phone-based financial services, has transformed the landscape of financial products and services. Notably, the number of mobile money subscribers increased by 26.7 percent to 19.0 million in 2022, up from 15 million in 2018. Furthermore, the number of active mobile money subscribers saw a substantial increase, rising by 229.4 percent to 11.2 million in 2022 from 3.4 million in 2018.[28]

DFS offers convenience and cost efficiency to financial service providers and customers. During the NFIS (2017–2022) implementation period, critical regulatory frameworks and policy changes were implemented to support the growth of digital financial services[29]. These changes, coupled with the increased uptake of mobile phones and other digital means during the COVID-19 outbreak, led to a sharp increase in the usage of digital financial services. The 2015 and 2020 FinScope Surveys, which showed that mobile money usage increased from 14 percent in 2015 to 58.5 percent in 2020. Additionally, other innovations such as fintech's have also emerged and are expected to continue growing.

According to the ICT Survey (2022), 80.7 percent of households owned mobile phones in 2022, compared to 73.6 percent in 2018 and 64.5 percent in 2015. Further, 35.8 percent of the individuals that own mobile phones owned smartphones. In addition, 63.3 percent of the respondents, aged 10 years and older, used mobile phones within the three months before the survey was conducted. However, the same survey revealed significant variances in mobile phone ownership among provinces. Connectivity (telecommunication tower), availability of agent network, affordability to own mobile phones by households or individuals based on income level and digital literacy may have influenced such variance. The significant improvement in financial inclusion was contributed mainly by the rapid uptake of DFS, particularly mobile money.

Table 4: Level of Usage of Formal Financial Products and Services

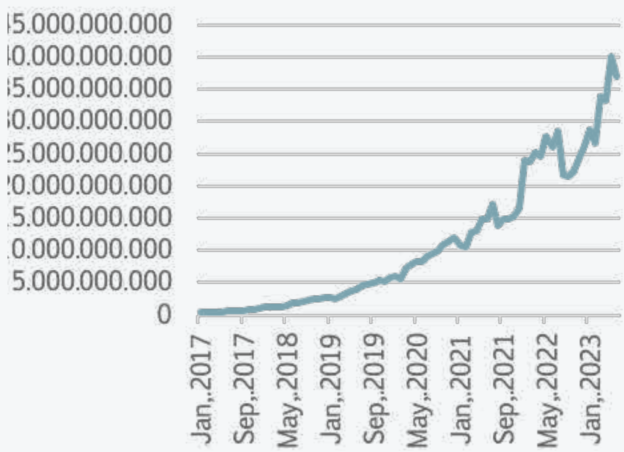
Description	2015	2020
Mobile Money	14 %	58.5 %
Bank	24.8 %	20.7%
Pension	3.8%	8.2%
Insurance	2.8%	5%
Microfinance	1.3%	2.1%
Capital Markets	0.3%	0.6%

Source: 2020 FinScope Survey

BOZ mobile money report also shows the rapid increase in mobile money transactions (volume and value) between 2017 and 2023 (Figures 16 and 17).

Figure 16: Mobile Money Transaction (volume) between 2017 and 2022

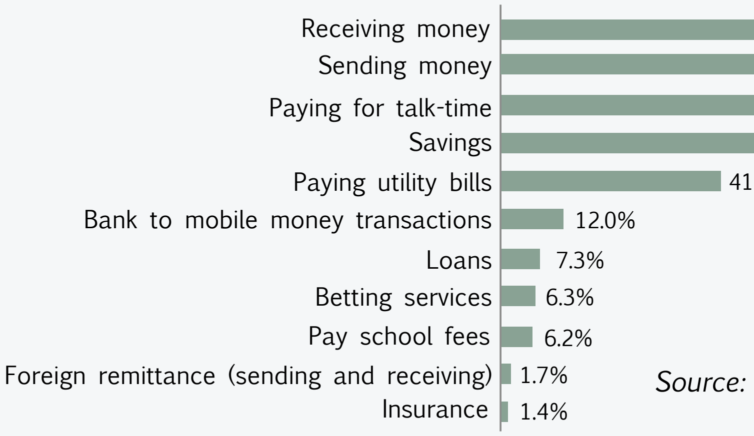
Figure 17: Mobile Money Transactions (value; Kwacha) between 2017 and 2023



Source: BOZ Mobile Money Report, 2023

As earlier stated, according to IMF's 2022 Financial Access Survey, Zambia has a lower density (per 100,000 adults) of branches (banks, MFIs, insurance, etc.) and ATMs, as well as significantly higher density of mobile agent outlets (both active and registered) compared to other countries in the region. However, the agent network of mobile money agents is mainly concentrated in urban and peri-urban areas, and the agent network is still limited in rural areas with low population density. The main usages of DFS are for the purposes of receiving/sending money (97.8 percent/92.7 percent), paying for talk time (74.9 percent), savings (51.7 percent) and paying utility bills (41.8 percent). Other services provided by DFS (loans, paying school fees, insurance, etc.) show limited usage[30](Figure 18).

Figure 18: Uses for Digital Financial Services Households 2022



Against this background, further efforts are needed to maximize the existing infrastructure, systems, and agent networks to increase the variety of financial products and services and further expand usage of DFS beyond transaction purposes. Exploring the possible expansion of the DFS ecosystem by leveraging existing network, such as merchant networks, public transport networks, and public service facilities (schools, health facilities, and others) would further support DFS growth and encourage the transition to a cashless society.

Additional initiatives are necessary to broaden Person to Government (P2G) payments beyond tax and licensing payments currently available on the ZamPortal[31]. During the NFIS (2017-2022) implementation period, some pilots were conducted to digitize school payments and introduce digital payments to the beneficiaries of social protection. Further efforts are needed to harmonize and scale up the respective pilots and incorporate financial literacy training. Further collaboration to encourage incorporation of DFS and financial literacy training into ongoing government-funded projects supporting and empowering youth, women, MSMEs, and small-scale farmers, who are often financially underserved or excluded, would be needed.

Meanwhile, the rapid increase in DFS usage also created new challenges. According to the Competition and Consumer Protection Commission (CCPC), increased financial fraud or scams related to DFS usage have been reported in recent years. This increase was attributed to the inadequate cyber security as well a lack of or limited financial and digital financial literacy. Strengthening the legal, regulatory and supervisory frameworks for DFS through enhanced coordination between financial service regulators (BOZ, SEC, PIA), MNOs regulator (ZICTA), the CCPC and other law enforcement agencies, would be critical.

BOX 6

Summary of Observed Challenges and Gaps – Digital Financial Services and Financial Infrastructure

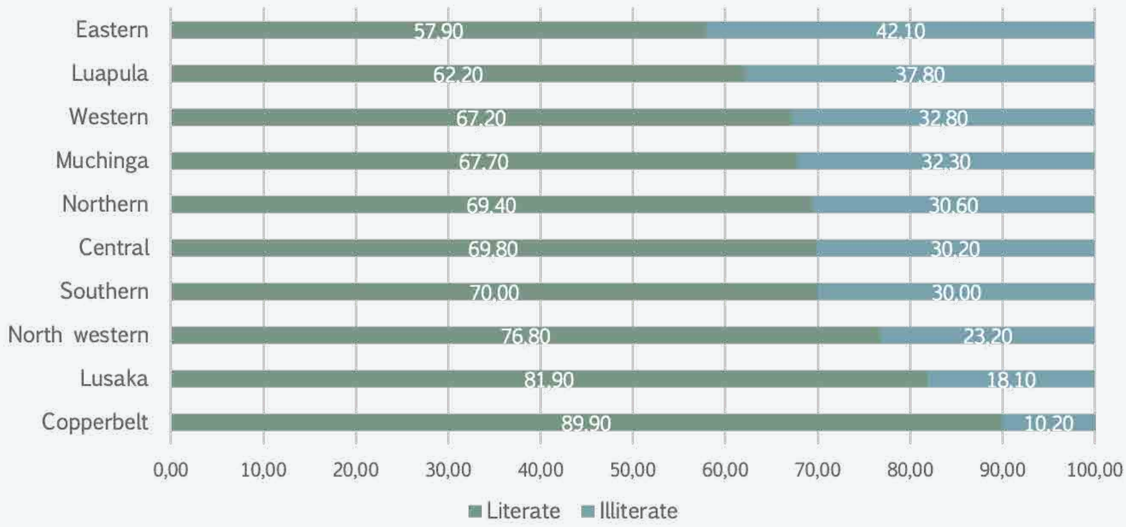
Gaps and challenges

- Limited infrastructure and connectivity
- Inadequate disclosure of information about the nature of financial products and services by FSPs
- High cost of mobile telecommunication devices resulting in limited ownership
- Limited or lack of digital skills and financial literacy
- High transactional cost for digital financial services
- Widespread cases of digital financial services fraud
- Heightened cyber risk to the financial sector
- Inadequate awareness of redress mechanisms for consumer complaints

3.7 FINANCIAL CONSUMER PROTECTION AND CAPABILITY

Strong consumer protection and financial capability has the potential to empower the public by ensuring that individuals and firms are treated fairly and have access to clear and transparent information about the costs, risks, obligations and rewards associated with using financial products and services. Financial capability equips the public with the knowledge, skills, attitudes, and behaviours required to act in their best interests and to select and use financial products and services that meet their needs. Financial capability and consumer protection build public confidence in financial institutions and their products and services. Enhancing financial capability and consumer protection not only fosters public trust in financial institutions and their products, but also benefits these institutions by providing a deeper understanding of client needs, ultimately promoting and realizing financial inclusion goals.

Figure 19: Population Distribution of Literacy Rate by Province



Source: ICT Survey 2023

While financial inclusion offers benefits and opportunities to those who are financially included, the segments are also exposed to risks and obligations they may not be fully aware of. In particular, the rapid increase in DFS, especially services through mobile phones, expose them to risks such as cyber security risks and fraud. Facing these risks could lead to not only a depletion of financial assets but also a decline in trust and confidence in formal financial services, which could undermine the progress made towards financial inclusion. The 2020 FinScope Survey also highlighted that the level of financial health is generally low at 13.6 percent. 60 percent of the adult population has the ability to manage their day-to-day needs, only 10.9 percent has the ability to cope with risks, and less than half responded to having the ability to invest in the future. The survey also indicated that only 23.6 percent of the adult population is financially literate.[32] These survey results necessitate continued focus on improving financial literacy and capability and enhancing consumer protection as one of the priority areas in the NFIS (2024–2028).

During NFIS (2017–2022) implementation, efforts were undertaken to improve financial consumer protection by enhancing coordination between financial regulators (BOZ, PIA, and SEC), ZICTA, and the CCPC. Three key areas were addressed during the NFIS (2017–2022) implementation: **disclosure and transparency, dispute resolution, and business Practice.** However, there are remaining actions from NFIS (2017–2022) that need to be carried over to NFIS (2024–2028), including issuing shared policies or procedures on financial consumer protection to further enhance their effectiveness. In 2022, CCPC reported that financial sector related cases in terms of provisions, accounted for 42.66 percent of the total cases handled.

The National Strategy for Financial Education II (NSFE II) (2019–2024) is currently being implemented and is aligned with the NFIS (2017–2022) with both initiatives sharing a common focus on improving financial consumer protection and financial literacy. The Ministry of Finance and National Planning in collaboration with the Ministry of Education, financial sector regulators and development partners, developed financial education supplementary materials for grades 1 to 12 in English. Further, financial education supplementary materials for grades 1 to 4 were developed in seven familiar local languages. While expanding coverage of financial education as part of school curricula is a notable progress, it is essential to establish the framework for monitoring the progress and impact of financial education initiatives. It is also crucial to integrate financial literacy and education elements into other government-funded programs, targeting financially underserved populations, such as youth and women empowerment, SME development, community development and social protection programs which provide an opportunity to expand outreach to these segments of population.

BOX 7

Summary of Observed Challenges and Gaps – Financial Consumer Protection and Capability

Gaps and challenges

- Limited financial literacy (basic understanding of financial products and services as well as financial management and record keeping among MSMEs)
- Low consumer confidence in the usage of financial services arising from widespread and increased cases of fraud e.g social engineering, fake transaction reversal claims and ponzi schemes
- Inadequate redress mechanisms for consumer complaints
- Cultural factors inhibiting the access and usage of financial products such as life insurance products and funeral policy
- Limited existing policies and strategies adequately prioritizing underserved populations to improve their social and financial inclusion
- Limited access to financial information and awareness of available financial products and services

3.8 MONITORING AND EVALUATION, AND DATA AND RESEARCH

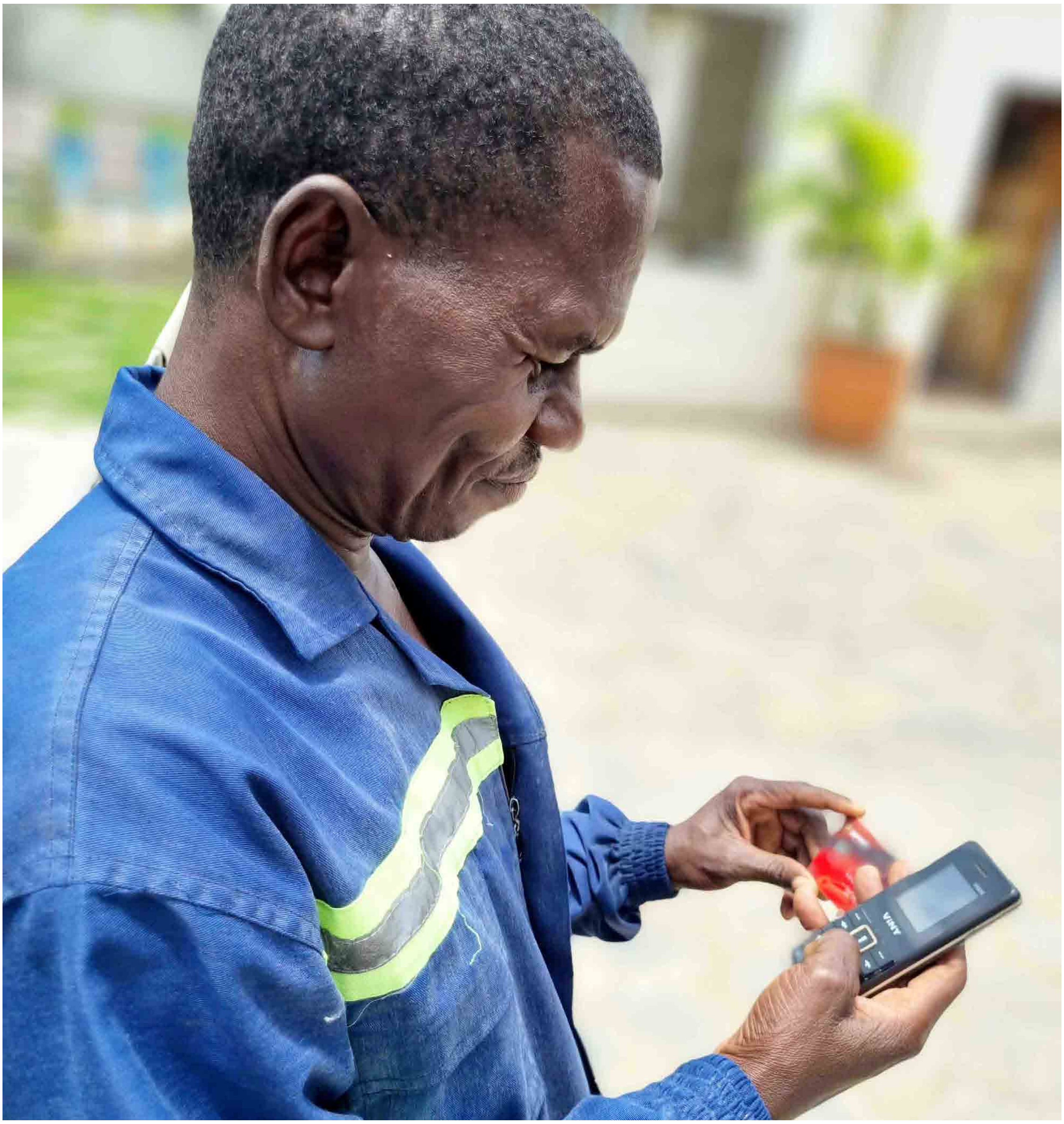
Effective and timely monitoring and evaluation framework and collection of high-quality data are crucial to track the progress, results and impact of financial inclusion strategy. One of the lessons learnt from the NFIS (2017–2022) implementation was on the limited availability of data that could be frequently collected to measure the strategy's progress. The heavy reliance on externally conducted surveys and data collection to measure key indicators identified under the results framework, limited the effective monitoring and evaluation of the strategy implementation. In Zambia, various supply- and demand-side data sources exist that could be used to measure different aspects of financial inclusion. However, the sharing of such existing data sources, integrating the financial inclusion-related indicators into existing surveys, and monitoring and evaluation (M&E) framework that matches the strategy implementation cycle, are limited. Developing such financial inclusion data infrastructure and framework is crucial to support a robust M&E framework.

BOX 8

Summary of Observed Challenges and Gaps – Monitoring and Evaluation, and Data and Research

Gaps and challenges

- Lack of timely data to support the review of implementation of policies and strategies
- Lack of centralized information source
- Information asymmetry between FSPs and users

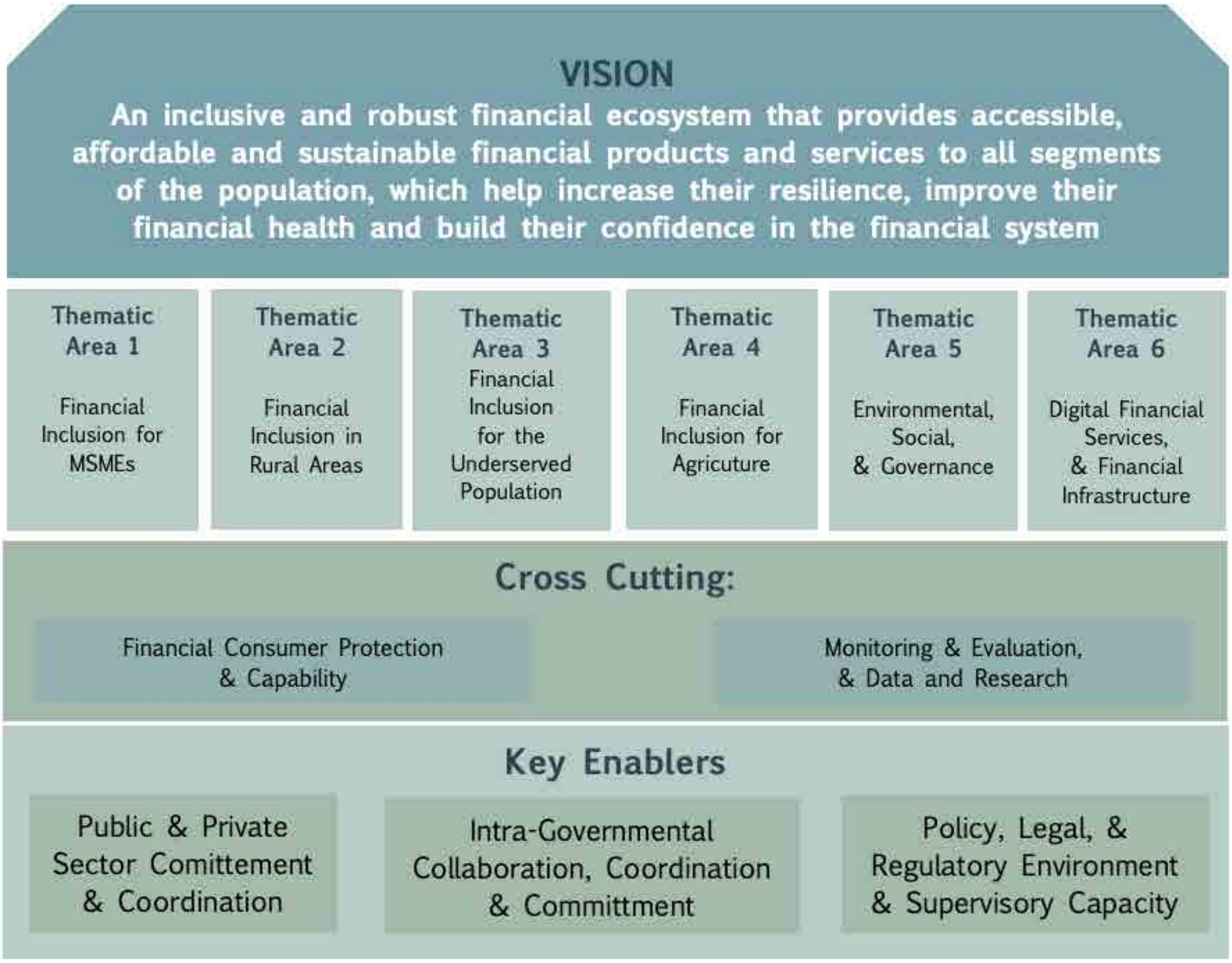


SECTION 4

NFIS (2024–2028) FRAMEWORK

The NFIS (2024–2028) framework (Figure 20) is built around eight thematic areas of which two are cross-cutting. Further, the framework comprises three key enablers that will support targeted thematic areas and strategic policy objectives to achieve the vision of this strategy. The coordination structure, the action plan, as well as the results framework are centered around the thematic areas.

Figure 20: NFIS (2024–2028) Framework



The Key Enablers:

The NFIS (2024–2028) framework is built on three key enablers for financial inclusions – (i) Public and Private Sector Commitment and Coordination, (ii) Intra-Government Collaboration, Coordination and Commitment, and (iii) Policy, Legal and Regulatory Environment and Supervisory Capacity.

4.1 PUBLIC AND PRIVATE SECTOR COMMITMENT AND COORDINATION

Strong ownership, commitment and effective coordination by relevant stakeholders, including regulators, policymakers and the private sector play a critical role in implementing agreed actions to improve financial inclusion as highlighted in the NFIS Review Report (2023). The commitment from each stakeholder in terms of willingness to invest time and resources to implement actions and addressing challenges will contribute to the overall improvement in financial inclusion. Maintaining and reaffirming their commitment to work effectively would be critical to closing the gaps and improving financial inclusion, especially for those segments of society who remain financially underserved or excluded.

4.2 INTRA-GOVERNMENT COLLABORATION, COORDINATION AND COMMITMENT

Intra-government collaboration, coordination and commitment among policymakers and regulators at different levels such as ministerial, provincial and district will be critical for the implementation of the NFIS (2024–2028). This will be achieved through ensuring effective alignment with other government strategies and incorporating activities, such as financial literacy and financial capability into various government-funded programmed. Government programs and plans such as improving telecommunication connectivity and rolling out unique digital IDs are crucial areas of collaboration and coordination in order to maximize the impact of these initiatives on financial inclusion. In addition, intra-government collaboration, coordination and commitment will be further enhanced through high-level steering committee, implementation committee and working groups.

4.3 POLICY, LEGAL AND REGULATORY ENVIRONMENT AND SUPERVISORY CAPACITY

Robust policy, legal, and regulatory frameworks that promote financial sector development, financial stability, competition, innovation, and consumer protection are critical. Necessary legal and regulatory reforms implemented to date, such as the Insurance Act No. 38 of 2021, have laid strong foundations for expanding and deepening financial inclusion. Monetary policies impact the viability of financial service providers and their ability to offer affordable credit and attractive savings products. Tax policy also directly and indirectly affects financial inclusion for MSMEs, the agriculture sector, and the expansion of the DFS ecosystem. Supporting guidelines to operationalize such legal and regulatory reforms will be necessary for the effective implementation of the National Financial Inclusion Strategy (NFIS) for 2024–2028. The government and regulators will, therefore, ensure that critical policy, legal, and regulatory reforms are adopted and implemented promptly. Supervisory capacity will be key in ensuring oversight and timely completion of identified actions in the NFIS (2024-2028). Therefore, capacity building for all involved in the implementation of this strategy will be critical in achieving the set targets.

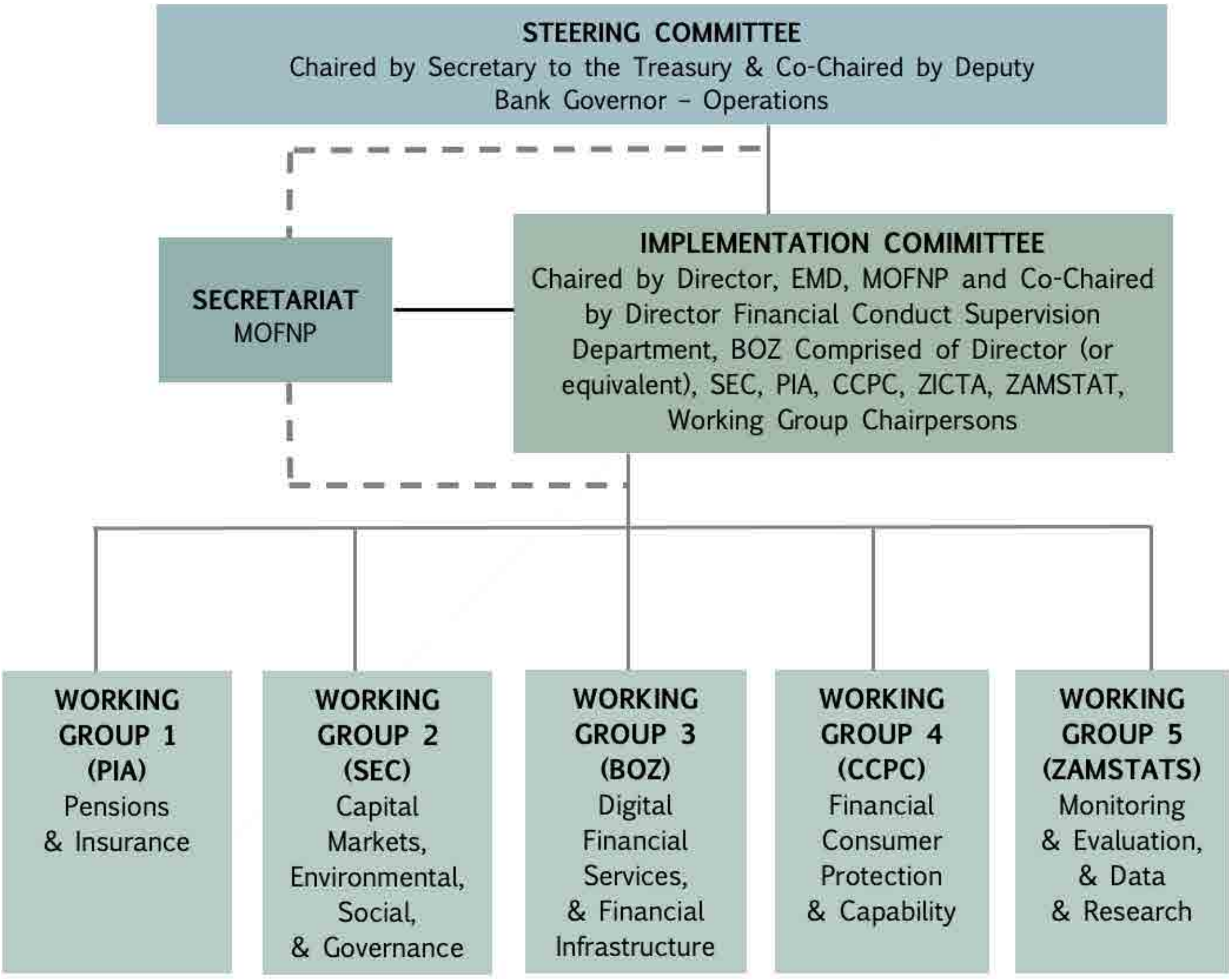
SECTION 5

GOVERNANCE STRUCTURE

5.1 GOVERNANCE STRUCTURE

A clear governance structure is critical to achieving the objectives of the NFIS (2024–2028). As was the case with the previous strategy, the NFIS (2024–2028) governance structure will comprise the Steering Committee, the Implementation Committee and six working groups of which members will be drawn from the public and private sectors and cooperating partners. The Ministry of Finance and National Planning will act as the Secretariat.

Figure 21: Governance Structure



5.2 STEERING COMMITTEE

The primary function and responsibilities of the NFIS (2024–2028) Steering Committee will be to provide high-level policy guidance for the strategy's development and implementation to ensure effective attainment of financial inclusion objectives and vision. The NFIS (2024–2028) Steering Committee shall be chaired by the Secretary to the Treasury and co-chaired by the Deputy Governor-Operations of BoZ and shall meet bi-annually. The Committee shall comprise the following members:

- The Secretary to the Treasury, the MOFNP
- The Deputy Governor—Operations, BoZ
- The Permanent Secretary, EMF—MOFNP
- The Permanent Secretary, MSMED
- The Permanent Secretary, MoA
- The Permanent Secretary, MGEE
- Permanent Secretary, MCDSS
- Permanent Secretary, MoTS
- Chief Executive Officer, SEC
- Registrar and Chief Executive Officer, PIA
- Executive Director, CCPC;
- Chief Executive Officer, ZICTA
- Representatives of up to five members appointed by the chairperson of the steering committee

The responsibilities of the Steering Committee are to:

- Provide overall guidance, supervise the NFIS (2024–2028) Implementation Committee, and monitor its performance;
- Guide the implementation of major legislative and policy reforms required to realize the national financial inclusion objectives;
- Ensure that annual budgetary allocations provide sufficient resources for the implementation of reforms and for operating a functional governance structure including the Secretariat; and
- Any other functions required to achieve the purpose of the strategy.

5.3 IMPLEMENTATION COMMITTEE

The overall responsibility of the Implementation Committee is to coordinate the implementation of the NFIS (2024-2028) under the guidance of the Steering Committee. The Implementation Committee will be supported by various working groups established to drive the attainment of financial inclusion targets and goals. The Committee will be chaired by the Director of the Economic Management Department of the MOFNP and co-chaired by the Director of the Financial Conduct Supervision Department at BOZ. The Committee shall meet quarterly or when deemed necessary to review and discuss the development and implementation of the strategy. The Committee shall comprise of the following members;

- Director, Economic Management Department, MOFNP;
- Director, Financial Conduct Supervision Department, BOZ;
- Chairpersons of the Working Groups
- Representative of the SEC;
- Representative of the PIA;
- Representative of the CCPC;
- Representative of ZICTA;
- Representative of ZAMSTATS;
- Representatives of up to five members appointed on recommendation by the Chairperson of the Implementation Committee; and
- Secretariat.

The responsibilities of the Implementation Committee are:

- Monitor and evaluate the implementation of the NFIS (2024–2028), including tracking the progress of reform actions and monitoring indicators and results achieved
- Lead effective intra-government, inter-institutional, and public-private coordination of activities to meet the NFIS (2024–2028) objectives;
- Oversee the activities and effectiveness of the working groups and make changes when necessary;
- Identify, communicate, and acquire sufficient resources from various funding sources (government budgets, donors, international institutions, private sector, etc.) for the implementation of financial inclusion actions;
- Approve detailed annual action plan prepared by working groups;
- Facilitate capacity building of all members involved in the implementation of the strategy;
- Report to the National Financial Inclusion Steering Committee on implementation, progress, and results of the NFIS (2024–2028;) and
- Perform other duties as directed by the National Financial Inclusion Strategy Steering Committee.

5.4 SECRETARIAT

The NFIS (2024–2028) Secretariat will be led by the Ministry of Finance and National Planning (MOFNP) which shall be responsible for providing technical, administrative, and research support to the Steering Committee and the Implementation Committee and ensuring smooth implementation of the NFIS (2024–2028). The Secretariat will have sufficient full-time staff and those who may be seconded from the financial sector regulators. The Secretariat is responsible to:

- Ensure the availability of required data and information for establishing baselines and tracking progress under the M&E framework;
- Collaborate with the M&E thematic working group to conduct or contract research

required to inform the implementation of the NFIS (2024–2028);
- Collect information, data, and implementation updates from the working groups and establish the data and information sharing system of NFIS (2024–2028) implementation progress;
- Prepare quarterly progress reports on NFIS (2024–2028) implementation for the Implementation Committee;
- Collaborate with the M&E thematic working group to conduct the mid-term review and impact evaluations;
- Provide technical and administrative support to working groups;
- Create public awareness on the NFIS (2024–2028) including its implementation plan and progress; and
- Perform other duties as directed by the Implementation Committee.

5.5 WORKING GROUPS

To ensure effective implementation of the strategy, appropriate working groups will be established. Respective financial regulatory authorities will act as secretariats for these working group. They shall coordinate with the main Secretariat for the smooth implementation of the strategy. The working groups will be organized in such a manner that will allow for broad based action plans drawn from all the relevant thematic areas. Each working group will comprise of representatives from public and private sector implementing entities and individuals with the requisite technical expertise in each area. The working groups will be chaired by a representative from the private sector who should be a member of senior management.

While the working groups serve as an avenue for consultation and review, the "primary entity" as listed in the action plan is ultimately responsible for implementing each action. Some actions may also require one organization to act unilaterally to implement regulations/directives. Others will be cross-functional across several working groups, with one working group identified as the lead.
The tasks for the NFIS (2024–2028) working groups are;

- Validate and monitor developments in the market;
- Develop detailed NFIS (2024–2028) implementation plans including timelines and assignment of responsibilities;
- Propose solutions to the Implementation Committee to achieve specific NFIS (2024–2028) objectives;
- Consult with other industry players or stakeholders to obtain buy-in on proposed actions, solutions, and plans;
- Collaborate and coordinate with other existing or future thematic consultative groups on areas of common concern;
- Provide quarterly reports on implementation progress and related targets to the NFIS (2024–2028) Secretariat;
- Propose changes and corrections to agreed action plans or targets, as required;
- Identify and secure sufficient resources from various funding sources (government budgets, development partners, international institutions, private sector, etc.) for the implementation of financial inclusion reform actions; and
- Review existing policies, practices, and systems and identify opportunities and/or critical obstacles to enhance financial inclusion and implement appropriate remedial actions.

5.6 RESOURCES

Securing sufficient financial and human resources to operationalize the NFIS (2024–2028) and implement necessary reforms and actions are crucial for achieving its vision. An important challenge encountered during the NFIS (2017–2022) implementation was the insufficient resource allocation throughout the period, which hindered the implementation of necessary reforms and actions and limited the scale of implementation. In this regard, resources will be mobilized from various funding sources primarily through government annual budget appropriations, financial sector regulators, local and international organizations.

High staff turnover during the NFIS (2017–2022) implementation was another identified challenge as it resulted in discontinuity of project implementation, monitoring and evaluation as well as the loss of institutional memory and champions among stakeholders' human resources with the requisite technical, research and administrative expertise. Therefore, efforts to secure and maintain a sufficient human resource base from the government, regulators, development partners, and the private sector will be prioritized within various governance structures. This will be critical to the successful operationalization and implementation of the NFIS (2024-2028).

SECTION 6

RESULTS FRAMEWORK

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
Achieve universal access to affordable and regular usage of a broad range of financial products and services	1	% adults financially included (formal & informal)	69.4 (2020)	85	FinScope or equivalent survey
	2	% women financially included (formal & informal)	67.9 (2020)	85	FinScope or equivalent survey
	3	% youth financially included (formal & informal)	67.6 (2020)	85	FinScope or equivalent survey
	4	% Senior citizen financial included (formal & informal)	56.7 (2020)	75	FinScope or equivalent survey
	5	% differently enabled populations financially included (formal & informal)			FinScope or equivalent survey
	6	% refugees financially included (formal & informal)			Survey
	7	% rural financially included (formal & informal)	56.9 (2020)	80	FinScope or equivalent survey
	8	% adult formally financially included	61.3 (2020)	80	FinScope or equivalent survey
	9	% Small-holder farmers financially included (formal & informal)			Survey

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
	10	% adults saving at a regulated financial institution		40	FinScope or equivalent survey
	11	% Received payment related agriculture productions/ processing through mobile phone (non-cash form)	4 (2021)		Findex
	12	% Received payments for agricultural products into an account	7 (2021)		Findex
	13	Received payments for agricultural products: in cash only (% of agricultural payment recipients, age 15+)	72 (2021)	40	Findex
	14	% small-holder farmers using insurance products			TBD
	15	% small-holder farmers receive insurance claims made			TBD
	16	# of access points per 10,000 adults (Banks, NBFIs and payment system providers)	191.36 (2021)		BOZ
	17	# of access points per 10,000 adults (Capital Markets)	0.0224	0.02464	SEC

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
	18	% of the adult population living in districts with at least one access point	66.3% (2022)	100	BOZ
	19	% adults making or receiving digital payment	46 (2021)	60	BOZ/Findex
	20	Cashless retail transaction per capita			BOZ
	21	% adults with at least one insurance product	6.3 (2020)	15	FinScope or equivalent survey
	22	% adults with at least one non-mandatory insurance product		10	FinScope or equivalent survey
	23	Number of microinsurance products/services available in the market	12 (2023)	33	PIA
	24	% adults with at least one pension product	8.2 (2020)	20	FinScope or equivalent survey
	25	% adults using an investment product	0.6 (2020)	5	FinScope or equivalent survey / Regulatory returns (SEC and LuSE)
	26	% SME with a loan or line of credit	6.3 (small 9.3 (Medium) (2019)	20	Enterprise Survey
	27	% SME reporting "access to finance" as a major obstacle	39.1 (Small) 39.4 (Medium) (2019)	20	Enterprise Survey

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
	28	% of regulated FIs having tailor made products for different marginalized groups			TBD
	29	% regulated FIs with tiered KYC product requirements			TBD
Enhance the quality of financial products and services	30	% adults covered by credit reporting system			BOZ,
	31	% registered firms covered by credit reporting system			BOZ
	32	% of negative and positive reports on the system			BOZ
	33	% Women SMEs with a loan or line of credit out of total loan provision			BOZ
	34	% Youth Entrepreneurs/MSMEs with loan or line of credits of total loan provision			BOZ
	35	% MSMEs financially included (formal and informal)			MSME survey
	36	% of warehouse receipt system was utilized			TBD
	37	% SMEs required to provide collateral on their last bank loan			WB Enterprise Survey/BOZ MSME Finance Survey
	38	% adults who indicate savings as the main souce of funds in case of an emergency			FinScope or equivalent survey

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
Enhance the financial health and capability of individuals and businesses	39	% adults saving with informal saving groups	15.5% (2020)		FinScope or equivalent survey
	40	% adults that check terms and conditions of financial products before contracting	23 (2016)	40	WB Financial Capability Survey
	41	% adults with high product awareness levels (i.e., familiar with products from at least 5 of 9 provider types)	36 (2016)	50	FinScope
	42	% adults with high financial knowledge levels (i.e., correct answers to at least 5 of 7 financial knowledge questions)	26 (2016)	50	FinScope
Strengthen consumer protection measures to ensure that all segments of the population are treated fairly and transparently by financial service providers	43	% adults who try to resolve conflicts with financial institutions (of those who experience a conflict)	25 (2016)	50	WB Financial Capability Survey
	44	% complaints against FSPs			BOZ, PIA, SEC
	45	% financial consumer complaints processed and resolved within three (3) months of notification	100% (2022)	100%	CCPC

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
	46	% cases of financial consumer complaint cases successfully litigated and prosecuted	75% (2022)	75%	CCPC
	47	Levels of awareness of financial complaint redress mechanism	40% (2022)	85%	CCPC, BOZ, PIA
Expand the financial ecosystem to support sustainable financial sector development	48	% G2P payment delivered via digital channels			MOFNP
	49	% P2G payments delivered via digital channels			MOFNP
	50	% individuals captured by credit reporting system			CRB
	51	% registered firms submitting information to credit reporting system			CRB
Operationalization of 2024–2028 NFIS (Coordination/ Governance)	52	# Steering Committee meetings held per year		2	MOFNP
	53	# Implementation Committee meetings held per year		4	MOFNP
	54	# NFIS annual reports produced		5	MOFNP
	55	# Stakeholders actively participating in NFIS coordination structure			MOFNP

Objectives	No.	Output/Outcome Indicator	Baseline	Target 2028	Source[33]
	56	Data management and Tracking system for NFIS II developed and deployed			ZAMSTATS/ MOFNP
	57	Shared data management system is built for tracking the level of financial inclusion and reporting			ZAMSTATS/ MOFNP
	58	Data for conducting NFIS (2024–2028) Mid-term review are collected			ZAMSTATS/ MOFNP
	59	Dedicated platform for NFIS (2024–2028) implementation established			ZAMSTATS/ MOFNP

SECTION 7

ACTION PLAN

7.1 FINANCIAL INCLUSION FOR MICRO, SMALL AND MEDIUM ENTERPRISES

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access for affordable and regular usage of a broad range of financial products and services	Create a centralized digital data warehouse to enable access to MSME information such as KYC and credit scores by all financial service providers	BOZ, PIA, SEC	CRB/CRA, FSPs, BAZ, ZICTA, CMAZ, PAYZ, IAZ, ZECHL	High	2024-2026	% SME reporting "access to finance" as a major obstacle
	Streamline registration processes ensuring that an MSME operating in a particular sector makes a single application with one payment point that meets all registration requirements of different authorities.	PACRA	MCTI, MOFNP, MSMED, ZRA	High	2024-2025	% SME reporting "access to finance" as a major obstacle
	Develop MSME Financing Strategy	MOFNP	BOZ, MSMED, PIA, SEC, ZACCI, ZATIP, ZCSMBA	High	2024-2025	% MSMEs financially included (formal and informal)
	Develop and promote credit guarantee schemes and other credit enhancing mechanisms	MOFNP	BOZ BAZ, AMIZ, ZCGS & Other schemes	High	2024-2025	% of MSME required to provide collateral on their last bank
	Develop and promote innovative and accessible instruments for the financing of MSMEs e.g., peer-to-peer lending, venture capital, angel investments	SEC	BOZ, MOFNP, PIA, MSMED, CMAZ, FSPs, ZACCI, ZCSMBA, BAZ, IAZ	Medium	2025-2027	Number of warehouse receipt system utilised
	Expand reach and quality of agent-based and other cost-effective delivery channels	BOZ, PIA, SEC	ZICTA, BAZ, PAYZ, ZACCI, ZCSMBA	Medium	2024-2025	% number of active agents
	Enhance Institutional arrangements for housing finance, development/social and alternative finance	BOZ, PIA, SEC	MOFNP, AMIZ, ZAPF, IAZ, BAZ, NHA, ZNBS	Medium	2026	% of registered firms submitting information to credit reporting system

Enhance the quality of financial products and services	Create specialized institutional arrangements for building capacity and providing technical assistance including risk management for MSMEs.	MSMED	MOFNP, FSPs, ZDA, CEEC	Medium	2026	% MSMEs financially included (formal and informal)
	Build capacity of financial service providers to serve the specific needs of MSMEs	BAZ, CMAZ, IAZ, PAYZ	MSMED, MOFNP, Development partners, BOZ, PIA, SEC	High	2024–2028	% SMEs financially included (formal and informal)
Enhance the financial health and capability of individuals and businesses;	Develop and promote a credit scoring framework for MSMEs	PIA, BOZ, SEC	MOFNP, FSP	Medium	2024–2027	% of SME with a loan or line of cedit
	Develop deliberate government and regulatory actions/policy to reduce MSMEs cost and complexity of doing business	MCTI	MOFNP, MSMED, BRRA, ZDA, ZACCI, ZCSMBA, ZRA	High	2024–2027	% SME reporting " access to finance" as a major obstacle
Expand the financial ecosystem to support sustainable financial sector development	Create an enabling regulatory environment for the Establishment of a specialized financial institution such as cooperative bank or enhancement of the National Savings and Credit Bank to support the growth of MSMEs	MOFNP	MOJ, MSMED, BOZ	High	2025–2028	% SME required to provide collateral on their last bank loan
	Promote FSPs to develop products that enhance financial resilience such as emergency funds, catastrophe insurance, retirement accounts, investment options, budgeting applications and tools and other financial planning services	BOZ, PIA, SEC	MOFNP, MGEE, FSPs	Medium	2024–28	% regulated FIs with tiered KYC product requirements

7.2 FINANCIAL INCLUSION FOR RURAL AREAS

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access for affordable and regular usage of a broad range of financial products and services	Enhance partnerships between public and private institutions in the delivery of financial services in the rural areas.	BOZ, PIA, SEC	ZICTA, Smart Zambia, PAYZ, BAZ, FSDZ, PPDF, MOFNP	High	2024–2028	% rural financially included (formal and informal)
	Promote and incentivize the use of electronic transactions in rural areas.	BOZ	PAYZ, BAZ, ZICTA, MOFNP	Medium	2024–2028	# of access pointer per 10, 000 adults (banks, NBFIs and payment system providers
	Increase the proximity of financial access points using public infrastructure such as schools, hospitals, local government offices, merchant networks, transport networks etc.	BOZ	MOFNP, PIA, SEC, PAYZ, BAZ, IAZ, MoH, MoE, MoTL	Medium	2024–2028	% rural financially included (formal and informal)
	Support the development and delivery of micro-savings, credit, pensions, micro-and-agricultural insurance and investment products for rural areas	PIA, SEC, BOZ	PAYZ, BAZ, ZAPF, IAZ, CMAZ	Medium	2025–2028	Number of microinsurance product/services available in the market
Enhance the quality of financial products and services	Conduct research (such as geospatial mapping) to inform access point expansion by financial institutions and other financial service providers	BOZ	SEC, PIA, ZICTA, ZAMSTATS, FSDZ, UNCDF, PAYZ, BAZ, IAZ,	Medium	2026–2028	% SMEs reporting “access to finance” as a major obstacle

Enhance the financial health and capability of individuals and businesses;	Streamline KYC requirements to be aligned with innovations in the financial sector e.g., digital on-boarding	FIC, PIA, SEC, BOZ	ZICTA, CCPC, MOFNP, MHAIS, PAYZ, BAZ, IAZ, GSMAZ	High	2025–2028	% of regulated FIs with tiered KYC product requirements
	Develop the second Rural Finance Strategy	MoFNP	BoZ, SEC, PIA, MCTI, MOA, MSMED	High	2024 - 2025	% rural financially included (formal & informal)
Strengthen consumer protection measures to ensure that all segments of the population are treated fairly and transparently by financial service providers	Enhance consumer awareness of complaint resolution and redress mechanisms	CCPC	BOZ, PIA, SEC, FSDZ, PAYZ, CMAZ, CUTS, IAZ, IBAZ	High	2024-2028	# of consumer complaint
Expand the financial ecosystem to support sustainable financial sector development	Enhance and develop integrated interventions including business development services, linkage to supply chains markets and access to finance.	MCTI	ZDA, MLGRD, MCDSS	Medium	2025–2028	Number of microinsurance products/services available in the market
	Provide support to scale up quality and reach of agent-based financial services	BOZ, PIA, SEC	MOFNP, BAZ, PAYZ, IAZ, ZAPF	High	2024–2027	# of active agent
	Enhance consumer awareness of complaint resolution and redress mechanisms	CCPC	BOZ, PIA, SEC, FSDZ, PAYZ, CMAZ, CUTS, IAZ, IBAZ	High	2024-2028	# of consumer complaints

7.3 FINANCIAL INCLUSION FOR THE UNDERSERVED

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access to affordable and regular usage of a broad range of financial products and services	Design, test, and adopt simplified, tailored products (e.g., savings, credit, payments, collective investments, insurance, pension, etc.) facilitated by innovative regulatory frameworks e.g., sandbox regulation	PIA, SEC, and BOZ	ZICTA, Industry Associations, Gender Division, ZAPD, MHAIS, Development Partners	High	2024–2028	% adults using an investment product
	Integrate financial inclusion data within e-government services or systems	Smart Zambia	ZICTA	High	2024–2028	% P2G payment delivered via digital channels
	Scaling up the number of G2P transactions made through digital payment channels	Smart Zambia	MOFNP, MoTS, MCDSS, MYSA, Gender Division	High	2025–2028	% G2P payment delivered via digital channels
	On-board more beneficiaries on government protection and empowerment programs	MCDSS	MOFNP, MoTS, MCDSS, MYSA, Gender Division	High	2026	% of different enabled population financially includes (formal and informal)
	Devise credit enhancing and guarantee schemes for underserved groups	BOZ	MSMED, MCTI, MOFNP, ZCGS	High	2025	% of women SMEs with a loan or line of credit out of total loan provision

Strengthen consumer protection measures to ensure that all segments of the population are treated fairly and transparently by financial service providers	Establish protection funds for users of the financial products and services e.g., deposit insurance fund fidelity fund, compensation fund and pensions protection fund	BOZ, SEC, PIA	CCPC, Industry Associations	High	2024–2026	% adults with at least one pension product
Expand the financial ecosystem to support sustainable financial sector development	Issue regulations on micro pension	PIA	NAPSA, MOFNP, MLSS, MOJ, Industry Associations	High	2024	% regulated FIs having tailor made products for different marginalised groups
	Repeal and replace the Pension Scheme Regulations Act	PIA	NAPSA, MOFNP, MLSS, MOJ, Industry Associations	High	2024	% of adults with at least one insurance product
	Develop and expand linkages between SACCOs, savings groups and other formal financial institutions	BOZ	MSMED, SEC, PIA and Industry Associations	Medium	2024–2028	% of adults saving with informal saving groups
	Enhance collaboration and coordination among public, private and cooperating partners	MOFNP	PPDF, Industry Associations	High	2024–2028	% of the adult population living in districts with at least one access point

7.4 FINANCIAL INCLUSION FOR AGRICULTURE

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access to affordable and regular usage of a broad range of financial products and services	Review and strengthen mandates of existing state-owned financial institutions in rural and agricultural finance	MOFNP	BOZ, NATSAVE, ZANACO & ZCGS, MOA	High	2024–2027	% Small-holder farmers financially included (formal & informal)
	Increase access to agribusiness financing	MOA	MOFNP, ZATIP, (DBZ), MCTI	Medium	2024–2026	% SME reporting “access to finance” as a major obstacle
	Develop and promote credit guarantee schemes and other credit enhancing mechanisms	MOFNP	BAZ, AMIZ, BOZ, ZCGS & Other schemes	High	2024–2025	% of Youth Entrepreneur/ MSMES with a loan or line of credit of total loan provisions
	Promote and enhance access to warehouse receipt financing	MOA	ZAMACE, LuSE, SEC	Medium	2024–2026	% of warehouse receipt system utilized
	Enable usage of customary land as collateral	BOZ	PACRA, BAZ, ZNFU, SACCOs, AMIZ, MLGRD, MOL	Medium	2025–2028	% of SMEs required to provide collateral on their last bank
	Promote formalization and strengthening of farmer groups to enhance access to financial products and services such as credit	MSMED	MOA, MOLF, Cooperatives, Registrar of societies	High	2024	% adults saving with informal saving groups
	Promote and strengthen market linkages	MCTI	ZDA, MOA, MOLF MSMED	Medium	2024–2025	% small-holder farmers financially included (formal and informal)
	Develop an agriculture financing strategy	MOFNP	MOA, Cooperatives, BOZ, BAZ, PIA, SEC, CMAZ, IAZ	High	2024–2025	% small-holder farmer financially included (formal and informal)

	Promote collaboration among FSPs, farmers and other stakeholders in the agricultural finance space	BAZ	FSPs, Cooperatives, ZCF, Farmers Association of Zambia	Low	2024–2027	% small-holder farmers financially included (formal and informal)
	Promote and Develop customer centric financial products and services for the agriculture value-chain	BAZ	FSPs, CMAZ, IAZ, PIA, SEC, BOZ	Medium	2024–2027	% Small-holder farmers financially included (formal & informal)
	Enhance the usage of the movable property registry system	PACRA	FSPs, AMIZ, BAZ	Medium	2024–2025	% of SME required to provide collateral on their last bank loan
Enhance the quality of financial products and services	Strengthen the design and implementation of the CATSP-linked insurance scheme to enhance the quality of agricultural insurance (Comprehensive Agriculture Transformation Support Program)	MOA	PIA, Participating Insurance Companies	Medium	2024–2025	% of small-holder % small-holder farmers using insurance products
	Build the technical capacity of key public and private actors on agricultural insurance	PIA	Insurance Market Players	High	2024–2027	% of small-holder farmers receive insurance claims
Enhance the financial health and capability of individuals and businesses;	Incentivize delivery of financial services and financial capability programs for farmers and agricultural SME	PIA	MOFNP, Industry players	Medium	2025–2028	% of small-holder farmers financially included

7.5 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access to affordable and regular usage of a broad range of financial products and services	Enhance incentives for MSMEs to participate in the green economy e.g., lower cost of capital and fiscal incentives.	MGEE	MOFNP, ZRA, BOZ, SEC, PIA, BAZ, CMAZ, IAZ, ZICTA	High	2024–2027	% SME reporting access to finance as a major obstacle
	Develop the Disaster Risk Financing Strategy	MOFNP	DMMU, MGEE, MOA, MOFL, MOH, SEC, BOZ, BOZ	High	2024-2025	% rural financially included (formal & informal)
Enhance the quality of financial products and services	Promote the development and usage of customer-centric green and innovative financial products and services for different tiers of the population and businesses	SEC	BOZ, PIA, BAZ, CMAZ, IAZ, ZICTA	High	2024–2028	% of different abled population financially included (formal and informal)
Enhance the financial health and capability of individuals and businesses	Develop tailor made capacity building and financial literacy programs on inclusive green and sustainable finance for individuals, FSPs and businesses	MGEE	BOZ, PIA, SEC, Academia, BAZ, ZICTA, Development partners (FSDZ, UNCDF, GIZ etc.)	High	2024–2028	% of regulated FIs having tailor made products for different marginalised groups

Expand the financial ecosystem to support sustainable financial sector development	Develop and support the implementation of the Green Growth Strategy	MGEE	BOZ, PIA, SEC, FSDZ, ZICTA, BAZ, CMAZ, IAZ, MOFNP	High	2024–2028	% adults financially included (formal & informal)
	Promote accessing of funds to support climate change initiatives and a green economy	SEC	BOZ, PIA, MOFNP, MGEE, Development Partners, CCPC	High	2024–2027	% small-holder farmer financially included (formal and informal)
	Enhance incentives to reward MSMEs to participate in the green economy e.g., lower cost of capital and fiscal incentives.	MGEE	MOFNP, ZRA, BOZ, SEC, PIA, BAZ, CMAZ, IAZ, ZICTA	High	2024–2027	% SMEs financially included (formal and informal)
	Promote the development and usage of customer-centric green and innovative financial products and services for different tiers of the population and businesses	SEC	BOZ, PIA, BAZ, CMAZ, IAZ, ZICTA	High	2024–2028	% adult formally financially included

7.6 DIGITAL FINANCIAL SERVICES AND FINANCIAL INFRASTRUCTURE

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access to affordable and regular usage of a broad range of financial products and services	Implementation of a centralized digital KYC platform to streamline on-boarding processes of customers by leveraging the new Digital ID (INRIS) for more efficient KYC processing	ZECHI	ZECHL, CCPC, PIA, SEC, BOZ, Smart Zambia, MOHA MOHA	High	2024–2028	% regulated FIs with tiered KYC products requirements
	Develop incentive mechanisms to make ownership of mobile telecommunication and other DFS devices affordable e.g., tax incentives	MOFNP	ZRA, ZICTA, MOTS, GSMA,	Medium	2026–2028	% of adults making or receiving digital payment
	Review the pricing structure of interoperable transactions and enhance the operational efficiency of the National Financial Switch (NFS)	BOZ	ZECHL, BAZ, PAYZ	Medium	2024–2028	% of adults making or receiving digital payment
	Provision of assistive devices to persons with disabilities	MCDSS	ZICTA, ZAPD, ZAFOD	High	2024–2028	% different abled population financially included (formal and informal)
	Construction of communication towers in rural and underserved areas	ZICTA	MOTS	High	2024–2028	% rural population financially included (formal and informal)

Enhance the quality of financial products and services	Facilitate unrestricted internet access to DFS apps and web portals to ensure uninterrupted financial service access	ZICTA	MOTS, BOZ, PIA, SEC ZRA, CCPC	High	2024–2025	% of adults making or receiving digital payment
Enhance the quality of financial products and services	Improve internet and mobile quality of service to improve the delivery of financial services.	MOTS	ZICTA, GSMAZ, CCPC	High	2024–2028	% adults making or receiving digital payment
Expand the financial ecosystem to support sustainable financial sector development	Continuously improve regulation around processing and housing of data to enhance the security and safety of DFS data.	Data Commissioner, MOTS	CCPC, PIA, SEC, BOZ, ZICTA	Medium	2024–2028	% of adults making or receiving digital payment
	Strengthen regulations that support cash-lite economy	MOFNP	ZICTA, Smart Zambia, MCTI	Medium	2025–2027	% cashless retail transaction per capita

7.7 CROSS-CUTTING: FINANCIAL CONSUMER PROTECTION AND CAPABILITIES

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access to affordable and regular usage of a broad range of financial products and services	Scale up awareness campaigns on available financial products and services	CCPC	PIA, BOZ, SEC, ZICTA, BAZ, IAZ, CMAZ, AMIZ, ZAPF, PAYZ, CUTS, ZACA	High	2024–2028	% of adults with high product awareness level (i.e correct answers to at least 5 of 7 knowledge questions)
	Providing the underserved population with required information they require to access financing facilities	CCPC	PIA, BOZ, SEC, ZICTA, BAZ, IAZ, CMAZ, AMIZ, ZAPF, PAYZ, CUTS, ZACA	High	2024–2028	% SME reporting "access to finance" as a major obstacle
	Increase the level of acceptance and usage of digital payment devices by merchants	ZRA	BOZ, MOFNP, BAZ, PAYZ, PIA, Development Partners	High	2024–2028	% adults making or receiving digital payment
	Develop the third National Strategy on Financial Education (NSFE III)	MOFNP	PIA, BOZ, SEC, Min of Education, CDC, FSDZ	High	2024-2025	% adults with high financial knowledge levels (i.e. correct answers to at least 5 of 7 financial knowledge questions)
Enhance the quality of financial products and services	Issue industry specific quality of service charters	PAYZ	BOZ, PIA, SEC, CCPC, BAZ, IAZ, CMAZ			% adults making or receiving digital payment
Enhance the financial health and capability of individuals and businesses;	Enhance stakeholder collaboration, awareness and dissemination of financial literacy materials in English and local languages	CCPC	MOFNP, PIA, BOZ, SEC, Development Partners	High	2024–2028	% adults with high financial knowledge levels (i.e. correct answers to at least 5 of 7 financial knowledge questions)

	Mainstream financial inclusion awareness, financial literacy and education and basic knowledge of financial products and services in all GRZ programmes in rural areas such as social protection programmes (social cash transfer, CDF, etc.)	MOFNP	MCDSS, MOA, MLGRD, MOE, CEEC, MCTI, MSMED, MOFL	High	2024–2028	% rural financially included (formal & informal)
	Improve financial capabilities of farmers through Business Development Services and skills training	MSMED	MOA, MOFL, MCTI, ZDA, CEEC, Development partners	Medium	2024–2028	% small-holder farmers financially included
	Develop tailor made financial literacy programs for the underserved groups	CCPC, BOZ, SEC, PIA	Development Partners	Medium	2024–2028	% of adults with high product awareness level(i.e correct answers to at least 5 of 7 knowledge questions)
	Incorporate consumer protection matters into financial literacy programmes	CCPC, BOZ, PIA, SEC	FSDZ, PAYZ, CMAZ, CUTS, IAZ, IBAZ	High	2024–2028	# of consumer complaints
	Conduct cyber-security awareness programmes	ZICTA	BOZ, PIA, SEC	High	2024–2028	# of consumer complaints
Strengthen consumer protection measures to ensure that all segments of the population are treated fairly and transparently by financial service providers	Amendment of the Cyber Security Act	MOTS	ZICTA	High	2025	# of consumer complaints
	Enhance regulatory oversight for fraud detection, prevention and reporting	BOZ	FSPs, ZP, ZICTA, PIA, SEC, CCPC	High	2024–2028	% registered firms submitting information to credit reporting system
	Establishment of the financial sector Cyber Incident Response Team (CIRT)	BOZ	ZICTA, CCPC, PIA, SEC	Medium	2 0 2 4 – 2026	% Complaints against FSPs

7.8 CROSS-CUTTING: MONITORING AND EVALUATION, AND DATA AND RESEARCH

Objectives	Actions	Primary entity	Secondary entity	Priority	Timeline	Relevant indicators
Achieve universal access to affordable and regular usage of a broad range of financial products and services	Conduct in-depth diagnostics on financial inclusion for refugees/ asylum seekers/former refugees	ZAMSTATS	MOFNP, BOZ, UNHCR, IOM	Medium	2024–2025	% of refugee financially included (formal and informal)
	Undertake an in-depth fiscal and market assessment of options for supporting agricultural insurance markets	PIA	MOFNP, ZAMSTATS, MOA	High	2024–2025	Number of microfinance product/ services available in the market
	Conduct FINSCOPE Survey	BOZ	PIA, ZAMSTATS, MOFNP, SEC, ZICTA, CCPC, BAZ, IAZ, Development Partners	High	2024–2025	Data management and Tracking system for NFIS II developed and deployed
	Conduct mid-term review	MOFNP	ZAMSTATS, PIA, BOZ, CCPC, IAZ, SEC	High	2025–2026	Data for conducting NFIS (2024-2028) Mid-term review collected
	Conduct annual financial inclusion survey	MOFNP	ZAMSTATS, PIA, BOZ, CCPC, IAZ, SEC, Development Partners	High	2024–2028	# of NFIS annual report produced
	Conduct end of term review	MOFNP	ZAMSTATS, PIA, BOZ, CCPC, IAZ, SEC, Development Partners	High	2028	Shared data management system is built for tracking the level of financial inclusion and reporting
Enhance the quality of financial products and services	Conduct regular studies/ research on MSME finance	BOZ	MOFNP, MSMED, ZAMSTATS, CCPC, SEC, PIA, Development Partners	Medium	2024–2028	Shared data management system is built for tracking the level of financial inclusion and reporting
	Develop a mechanism to track all green financing instruments and investments on an annual basis	SEC	MGEE, MOFNP, ZAMSTATS, PIA, BOZ, CCPC, SEC, Development Partners	High	2025	Shared data management system is built for tracking the level financial inclusion reporting

SECTION 8

RISKS AND MITIGATION MEASURES

The successful implementation of the NFIS (2024–2028) is dependent on several factors as well as risks that could potentially have a negative impact on the overall success of the strategy. Identifying these risks is necessary as it will create a basis for mitigating them using appropriate measures. Some of the critical risks and the proposed mitigation measures are outlined the table below.

Table 5: Risks and Mitigation Measures

Risk	Potential Impact on Strategy	Mitigating Measures
Lengthy process of legal and regulatory reforms	High	• Allocate adequate resources • Commence the reforms early • Lobbying legislative agencies
Limited fiscal space for government to allocate adequate resources to the implementation of the strategy	High	• Involvement of the private sector in the implementation of the strategy • Enhance budget resource mobilization for financial inclusion
Limited connectivity especially in rural areas affecting digital transactions	High	• Engage relevant institutions to invest in communication towers and connectivity infrastructure.
Unsafe transactions that may compromise the confidence of users of financial services	High	• Enhance cyber security measures for digital financial transactions at all levels • Enhance complain handling mechanisms

SECTION 9

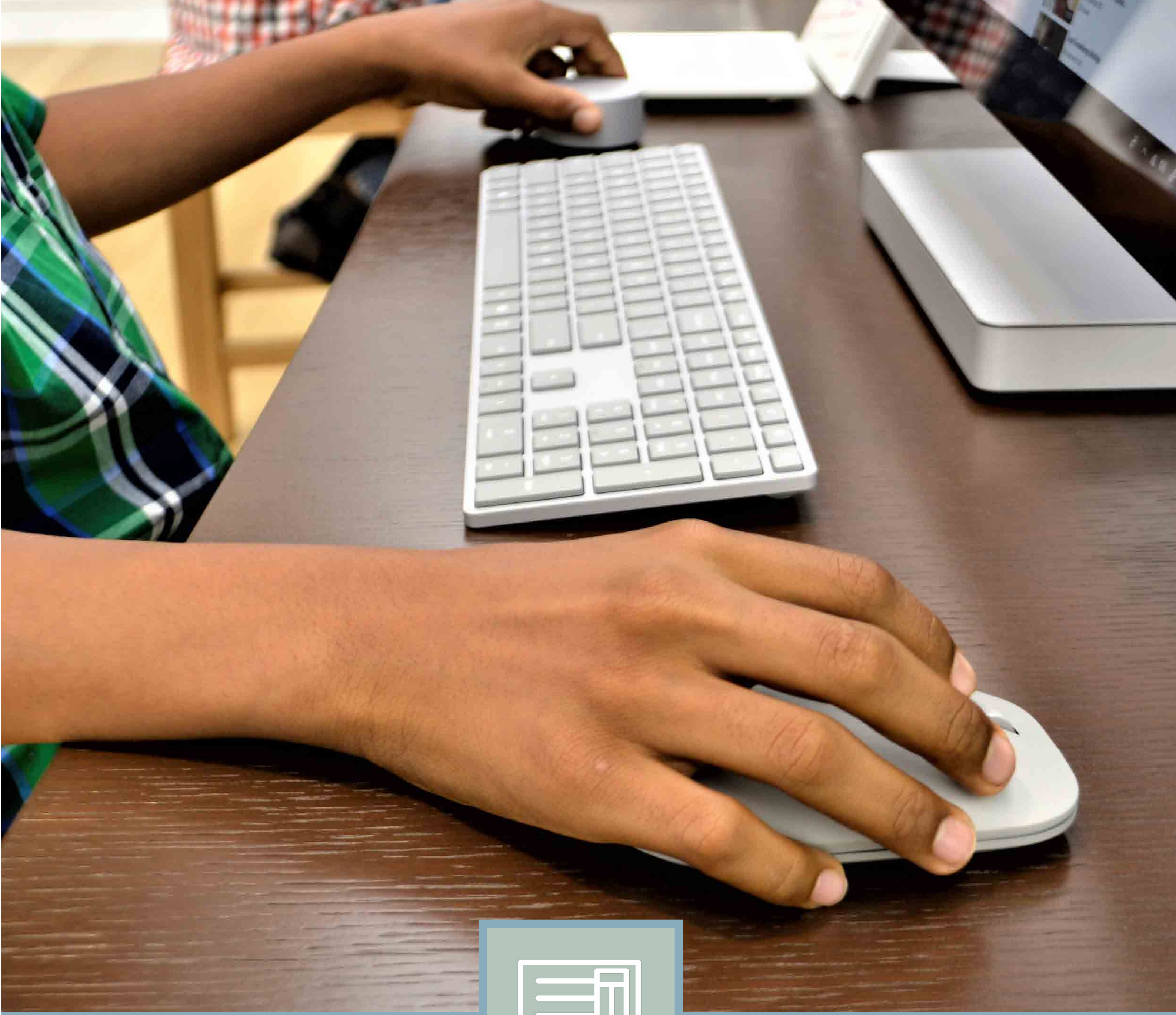
ANNEXES

9.1 WORKING GROUPS

No.	NAME OF WORKING GROUP	SECRETARIAT
1	Pensions and Insurance	PIA
2	Capital Markets, Environmental, Social and Governance (ESG)	SEC
3	Digital Financial Services and Financial Infrastructure	BOZ
4	Financial Consumer Protection and Capability	CCPC
5	Monitoring and Evaluation, and Research and Data	ZAMSTATS

9.2 LIST OF THE NFIS (2024-2028) DRAFTING COMMITTEE MEMBERS

No.	NAME	DESIGNATION	ORGANIZATION
1	Mulele M. Mulele	Director	MOFNP
2	Mercy C. Munoni	Assistant Director	MOFNP
3	Kabaso F. Kabwe	Principal Economist	MOFNP
4	Nkumbu N. Zyambo	Principal Economist	MOFNP
5	Jala Hapunda	Principal Economist	MOFNP
6	Emmanuel Sakanyi	Principal Economist	MOFNP
7	Jacqueline S. Kabwe	Senior Economist	MOFNP
8	Ireen F. Mizinga	Senior Economist	MOFNP
9	Inonge N. Mundia	Economist	MOFNP
10	Busiku Chitambo	Economist	MOFNP
11	Gift Siyamweemba	Economist	MOFNP
12	Jack J. Dumingu	Manager – Design	BOZ
13	Kennedy Mukuka	Manager – FSD	BOZ
14	William Sichoomba	Head – Policy and DFS	FSD Zambia
15	Goodson Kapaso	Manager – Market Development	PIA
16	Kandiye Chizyuka	Inspector	PIA
17	Yizaso Musonda	Manager – Market Development	PIA
18	Natasha H. Chansa	Analyst	PIA
19	Inonge Mulozi	Senior Analyst	CCPC
20	Eunice Phiri Hamavhwa	Director – Consumer Protection	CCPC
21	Mubanga Kondolo	Manager – Financial Inclusion	SEC
22	Elsa Volk	Economic Research	SEC
23	Eric Nsofu	Principal Economist	MOFNP – RFU
24	Mutanga Mukelabai	Principal Economist	MOFNP – RFU
25	Nkandu Kabibwa	Principal Statistician	ZAMSTATS
26	Salome Naluyele	Senior Statistician	ZAMSTATS
27	Kunda Mubambe	Compliance Officer	ZICTA
28	Kawana Mutti	Consumer Protection & Compliance Officer	ZICTA
29	Nawa J. Samatebele	Manager – Cyber Security	ZICTA
30	Prince Bwalya	Economist	MCTI



SECTION 10

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1. FinScope 2020
2. 8th National Development Plan
3. National Strategy on Financial Education II
4. Rural Finance Policy
5. Examples include the ICT policy, Digital transformation strategy, National payments systems vision and strategy, E-commerce strategy, Comprehensive agriculture strategy, National Climate Change Learning Strategy etc.
6. The NFIS II adopts the same definition for the words "Access", "Informed Usage", "Quality", and "Affordable" as those assigned in the first NFIS (NFIS I page 4).
7. "Building the confidence" here implies multidimensional; i) building the confidence and trust by the public including the currently underserved and financial excluded towards the financial sector and financial service providers, ii) building the confidence by the individuals and businesses by understanding their financial needs and available financial products and services and to access and use the financial products and services, and iii) building the confidence to the overall financial system in Zambia.
8. World Bank, Macro and Poverty Outlook: Zambia 2021.
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12. Bank of Zambia annual reports and NBFIs list as of August 2022 (www.boz.zm).
13. Ministry of Commerce, Trade and Industry 2021 annual report.
14. The urban and rural areas in the FinScope 2020 Survey are defined based on the Census of Population and Housing of the Republic of Zambia conducted in 2010, and updated to accommodate for the changes in districts and constituencies that occurred between 2020 and 2019.
15. The definition used in the FinScope 2020 Survey "Individuals primarily using formal financial products/services provided by institutions formally regulated. This is not exclusive usage, as these individuals may also use informal products/services" (2017)
16. The definition used in the FinScope 2020 Survey "Individuals who are not using any formal financial products/services but who use one or more financial products/services offered by an informal provider".
17. International Trade Center.
18. Bank of Zambia 2022 Micro, Small and Medium Survey
19. Bank of Zambia 2021 Credit Market Monitoring Report
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21. Out of 4,056,605 households, with 57 percent reside in rural areas.
22. ZAMSTATS/The Ministry of Community Development and Social Services (2018)
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25. Bank of Zambia 2022 Credit Market Monitoring Reports

26. World Bank Climate Change Knowledge Portal
27. Insurance Penetration Ratio is the GWP expressed as a percentage of GDP. It measures the level of development of the insurance sector in a country.
28. Bank of Zambia the National Payment System Annual Report 2021 (https://www.boz.zm/2021NPSAnnualReport.pdf)
29. Examples include promoting interoperability, eliminating agent exclusivity, implementing National Financial Switch (NFS).
30. ICT survey 2022
31. NFIS I Review report (2023)
32. Financial literacy represents the ability to understand personal finance. It refers to awareness and knowledge of key financial concepts required for managing personal finances. In the Survey, financial literacy was measured by assessing the ability to understand and effectively apply various financial skills and concepts, including personal financial management and budgeting (FinScope Survey 2020)
33. Per NFIS review report, it is recommendable to use data source from nationally collected data for frequent monitoring of the progress and impact. The international survey/data could play complementary roles for the data collection and the regional benchmark. The indicators where the baseline are not available will be addressed by the primarily responsible entity along with ZAMSTATS during the first year of NFIS II implementation.

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WORLD BANK GROUP

Chimanga Road
P.O. Box 50062
Lusaka, ZAMBIA
Tel: +260-211-257-178
Website: www.mofnp.gov.zm