

NATIONAL PAYMENT SYSTEMS IN ZAMBIA



ANNUAL REPORT FOR THE YEAR 2012



Bank Of Zambia



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GOVERNOR'S STATEMENT

The payment system landscape in Zambia has significantly changed in the last decade. In particular, a number of policy initiatives have been initiated and implemented. The following is a report on the initiatives implemented and some of the achievements in the last twelve months. The following are some of the achievements;

- a) In 2012, the Bank embarked on a project of rebasing the currency that was successfully implemented on 1st January 2013. Various activities that included sensitising the general public, adaptation of banking and accounting software and the actual procurement of the new currency were undertaken in 2012 to ensure that the rebasing project was a success.
- b) Cheque clearing system has undergone significant changes that have included enhancements to the security features through the introduction of cheque digit which is uniquely generated. Further enhancements implemented through the Cheque Truncation System project are the standardization of the clearing period to T+1 (Transaction date plus One day). This means transactions done on day one must be settled on the following business day.
- c) The Bank and stakeholders successfully implemented the settlement of capital market transactions in central bank money.
- d) The National Payment System has seen growth in the number of Automated Teller Machines (ATMs) and Point of Sale (PoS) facilities deployed across the country and the actual values and volumes of transactions.

At the international level, the Committee on Payment and Settlement System (CPSS) and the International Organisation of Securities Commission (IOSCO) issued the new Financial Market Infrastructures (MFIs) principles. The new principles are an enhancement to the previous Principle of Systemically Important Payment Systems (SIPS) and Principles on Security Settlement System (SSS) following the financial crisis of 2008. It is expected that all payment systems will be assessed against these principles to ensure that the financial market infrastructure are more resilient.

Going forward, the Bank's main focus will include enhancing the efficiency in the retail payment systems, through the successful implementation of the National Financial Switch. The National Financial Switch will serve as the main common switch and facilitate connectivity as an e-commerce payment gateway for ATMs, PoS, internet and mobile commerce, including e-government transactions. The successful implementation of the National Financial Switch will have both financial and human resources implications. In addition, all stakeholders will be required to re-engineer their systems and operating procedures.

The ultimate objective is to enable modern electronic payment channels to deliver to the wider public through private sector participation. In this way, full potential benefits of a modern payment system that avoids hampering innovation will be realised and in the process increase financial inclusion. The National Financial Switch will encompass a number of services that it will provide to the general public.

The inter-connectivity of all the ATMs, PoS and interbank gateway will facilitate convenience in the provision of financial services in Zambia. This initiative is expected to widen the scope of ATM and PoS network sharing and bank customers are expected to benefit from this initiative. The payment gateway will provide a mechanism for handling both volume and value based transactions at both the micro and macro levels.

In order to improve efficiency in the retail payment system, all stakeholders should ensure they play their roles effectively through providing the necessary resources for the successful implementation of the projects. The Bank on its part will ensure that it will provide adequate resources in order for these projects to be implemented timely.

In the large value payment and settlement system, the Real Time Gross Settlement System (RTGS), the Bank of Zambia will in 2013 embark on upgrading this system that has served the financial system since 2004. It is expected that the upgrade of the RTGS system will bring value addition through the implementation of a number of new features, including the multi-currency capability.

Michael Gondwe (Dr)

GOVERNOR



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This report reviews the developments that took place in the Zambian National Payment Systems between January and December 2012.

Overview of the Payment Systems

The payment system in Zambia trended upwards in terms of both values and volumes. The upward trend was recorded in Cash, Zambia Interbank Payment and Settlement Systems (ZIPSS), Physical Interbank Clearing (PIC) and Direct Debit and Credit Clearing (DDACC) transactions. Cash continued to be the main method of payment in the year under review. However, the use of electronic methods of payment increased, mainly through the use of the Automated Teller Machines (ATMs), Point of Sale (POS), Mobile Payments and the DDACC payment stream.

Currency in Circulation

As at end 2012, currency in circulation (CIC) increased by 12.7% to K3.8 trillion from K3.4 trillion in the previous year. The increase in currency was attributed to the high agricultural output in 2012. As farmers sold agriculture produce, the demand for cash payments increased consequently raising the CIC.

Zambia Inter-Bank Payment and Settlement System

During the year under review, ZIPSS operated satisfactory with all commercial banks participating actively. On average the system availability level was 99.2%, 0.7% lower than the expected availability rate of 99.9% mainly due to downtime caused by the breakdown of the communication channels. The value of transactions on ZIPSS increased by 14.3% to K388.3 trillion from K339.8 trillion reported in 2011. Similarly, the volume of transactions processed increased by 21.1% to 240,564 from 198,586 in 2011.

Physical Inter-Bank Clearing

The value of cheques cleared through the system increased by 18.6% to K30.8 trillion from K26.0 trillion in 2011. Similarly the volume increased by 6.8% to 2,800,759 from 2,623,169 cheques in 2011.

Direct Debit and Credit Clearing

During the year under review, the value of transactions processed through the Direct Debit and Credit Clearing (DDACC) payment stream increased by 45.7% to K12.8 trillion from K8.8 trillion in 2011. Similarly, the volume of transactions increased by 33.2% to 4,027,061 from 3,024,080 recorded in 2011.

Automated Teller Machines (ATMs)

In the year under review, the value of transactions processed through the automated teller machines payment stream increased by 37.3% to K18.1 trillion from K13.2 trillion in 2011. The volume of transactions at the ATMs increased by 23.9% to 34,152,340 from 27,560,714 in the period under review. The increase in both values and volumes was mainly driven by the increase in the number of ATMs and cards issued. The total number of ATMs increased by 19.7% to 643 machines from 537 machines. The number of cards also increased by 23.4% to 1,676,982 from 1,358,711.

Point of Sale Machines (POS)

During the year under review, the value of point of sale transactions increased by 56.0% to K790.6 billion from K506.7 billion in 2011. Similarly, the volume of transactions processed through the point of sale payment stream increased by 38.6% to 1,677,179 from 1,210,436. This was mainly driven by the increase in the number of POS machines. The number of POS machines increased by 13.5% to 2,025 from 1,784.

Money Transfers

The remittances market recorded an increase of 15.2% in value to K1.3 trillion from K1.1 trillion in the 2011.



EXECUTIVE SUMMARY

Similarly the volume of transactions processed increased by 9.3% to 1,919,494 from 1,756,931 transactions recorded in 2011.

Mobile Money

During the year under review, the value of mobile transactions processed through the mobile money platforms showed steady growth throughout the year. The volume and value of mobile transactions grew from 58,078 and K64.3 billion at the beginning of 2012 to 17,430,411 and K1.2 billion by December, 2012. The rapid increase in both volume and value in 2012 was as a result of the capture and inclusion of Airtel Money and MTN money transactions.

Projects in the Payment System

Cheque Truncation

The Bank of Zambia in collaboration with the Bankers Association of Zambia (BAZ) and the Zambia Electronic Clearing House Limited (ZECHL) put in place infrastructure for the implementation of the Cheque Truncation System that went live in the first quarter of 2013.

National Financial Switch

The Bank of Zambia and stakeholders continued to make progress on the implementation of the National Switch in the period under review. The Project Team was reconstituted to include representatives from all commercial banks.

Settlement of Cash Leg of Lusaka Stock Exchange Trade Transactions on ZIPSS

Bank of Zambia successfully implemented the settlement of the cash leg of the Lusaka Stock exchange capital market trades in central bank money through the Zambia Inter-bank Payment and Settlement System (ZIPSS) in fourth quarter of 2012.

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Future Tasks and Policy Directions

Implementation of the Principles for Financial Market Infrastructures (PFMIs)

The Bank for International Settlement (BIS) and International Organisation of Securities Exchange Committee (IOSCO) in April 2012 issued the 24 Principles for Financial Market Infrastructures. In view of the new principles, Zambia is required to ensure that all FMIs comply with the principles.

Modernization of the RTGS and CSD Systems

The Bank of Zambia completed the tender evaluation for the modernization of the large value payment system through the acquisition of a new Real Time Gross Settlement (RTGS) system. It is envisaged that the implementation of the new RTGS and CSD will enable the achievement of Delivery Versus Payment (DvP) in the area of Government securities market.

Modernization of the Retail Payment Systems

The retail payment systems are being developed and implemented by various players in the market. The Bank and stakeholders will need to put in place a system that will enable the centralization of all the retail payment system through the implementation of a National Financial Switch.

Enhancements to the National Payment Systems Act and Regulatory Environment

The Bank of Zambia will be working on enhancing the National Payment Systems Act to ensure that the designation and oversight provisions are clearly stipulated in the law. In addition the Bank will further develop other regulatory frameworks in the payment system arena.



INTRODUCTION

1.0 INTRODUCTION

This report reviews the performance of the National Payment System in Zambia in 2012.

Under the National Payment Systems Act Number 1 of 2007 section 5 (1), the Bank of Zambia is mandated to designate and oversee payment systems, payment systems participants and payment systems businesses so as to promote efficiency, safety and competition in the payment systems. The payment systems extend financial services beyond the conventional methods by allowing both the banked and unbanked to access financial services.

In 2012, the Bank of Zambia together with various stakeholders continued with the efforts to modernize the national payment system. This was done with the primary objective of ensuring a payment system that is not only in tandem with international standards but also capable of facilitating commerce and trade in a growing economy. The modernization process also sought to provide payment system infrastructure that ensures a secure, efficient, and effective mechanism for the exchange of money between transacting parties.

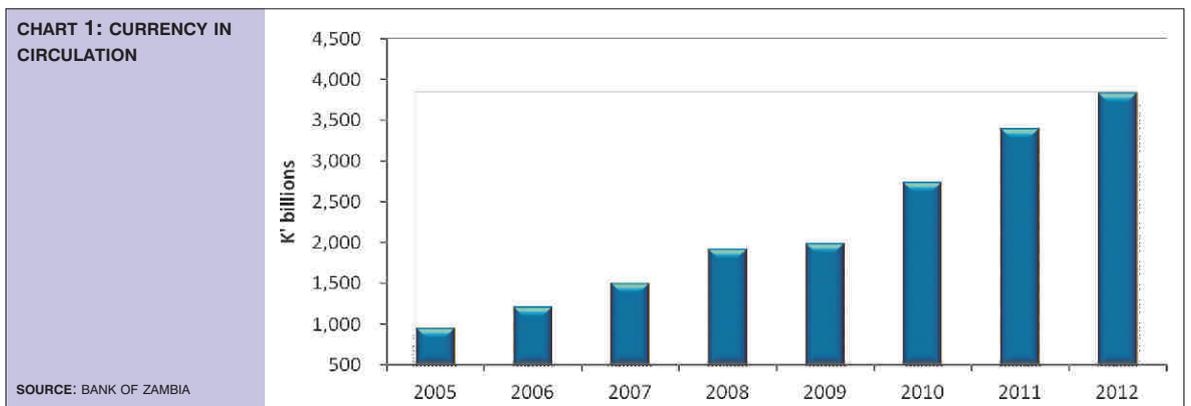


PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

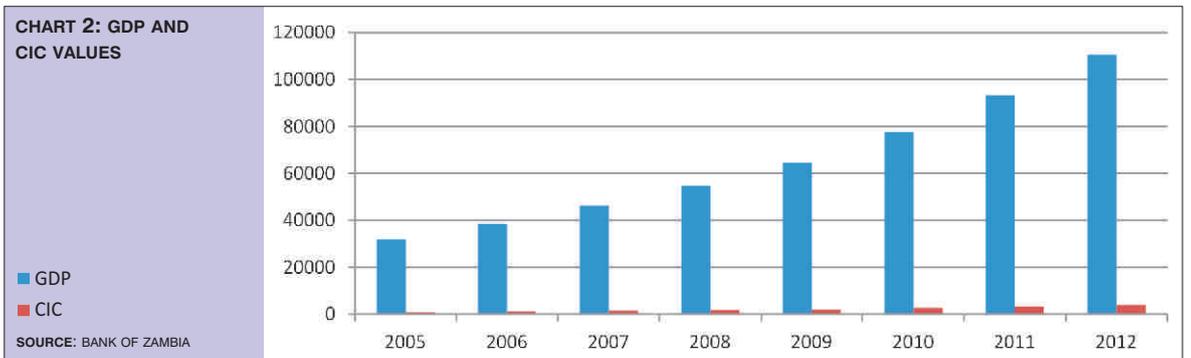
2.0 PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

2.1 Currency in Circulation

As at end 2012, value of currency in circulation (CIC) increased by 12.7% to K3.8 trillion from K3.4 trillion in the previous year. The increase can be attributed to demand for cash to pay farmers on account of the bumper harvest experienced during the year, (See chart 1).



Cash in Circulation in 2012 were 3.5% of GDP as compared to 3.6% in 2011 implying a reduction in cash circulation in 2012, (See Chart 2).



2.2 Systemically Important Payment Systems (SIPS)

Overall, the systemically important payment systems namely the Zambia Interbank Payment and Settlement System (ZIPSS), the Physical Interbank Clearing (PIC) and the Direct Debit and Credit Clearing (DDACC) experienced an increase in both values and volumes of transactions. The values of transactions increased by 15.3% to K431.9 trillion from K374.5trillion recorded in 2011. Similarly the volume of transactions increased by 20.9% to 7,068,384 from 5,847,846 reported in 2011. The rise in both value and volume of transactions in 2012 was largely attributed to a general increase in interbank transactions.



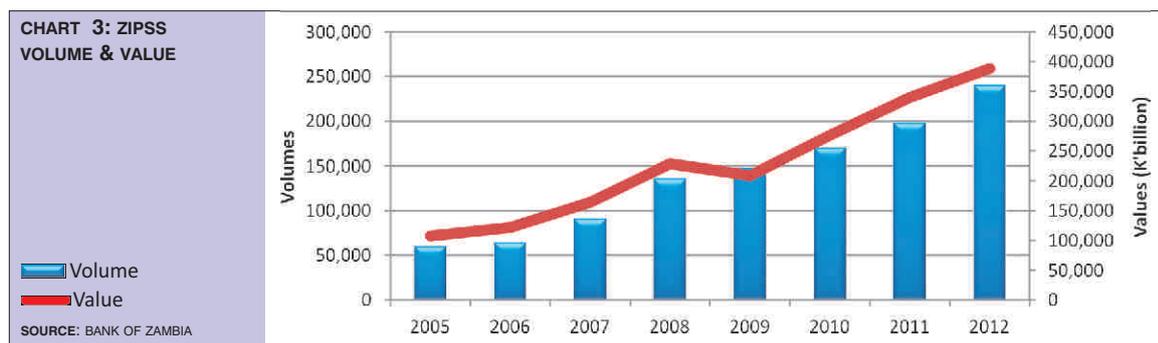
PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

2.2.1 Zambian Interbank Payment and Settlement System (ZIPSS)

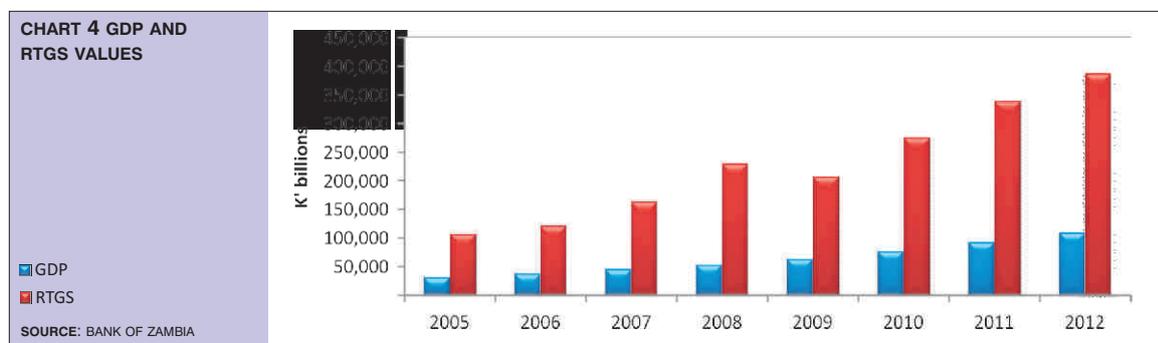
During the year under review, ZIPSS operated satisfactorily with all commercial banks participating actively. On average the system availability level was 99.2%, which was 0.7% lower than the expected availability rate of 99.9% mainly due to downtime caused by the breakdown of the communication channel.

The value of transactions processed on ZIPSS increased by 14.3% to K388.3 trillion from K339.8 trillion reported in 2011. Similarly, volume increased by 21.1% to 240,564 from 198,586 in 2011. The increase in both values and volumes was mainly on account of increased economic activities during the year under review, (See Chart 3).

The Bank in collaboration with the commercial banks, Securities Exchange Commission (SEC) and Lusaka Stock Exchange (LuSE) put in place a mechanism to settle the cash leg of the capital market transactions from the LuSE in central bank money through the ZIPSS. This was implemented on 3rd September 2012. The total net transactions settled amounted to K19.2 trillion. The settlement of the cash leg of the Lusaka Stock Exchange capital market trades enabled the market to achieve international best practice for Securities Settlement System (SSS).



ZIPSS transactions in 2012 were 388.8% of GDP as compared to 364% in 2011 implying growth in the use of the RTGS system, (See Chart 4).

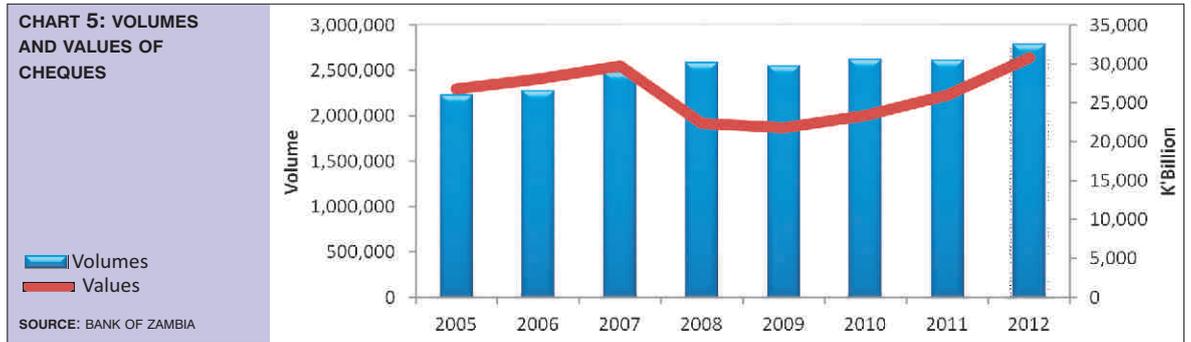


2.2.2 Physical Interbank Clearing System

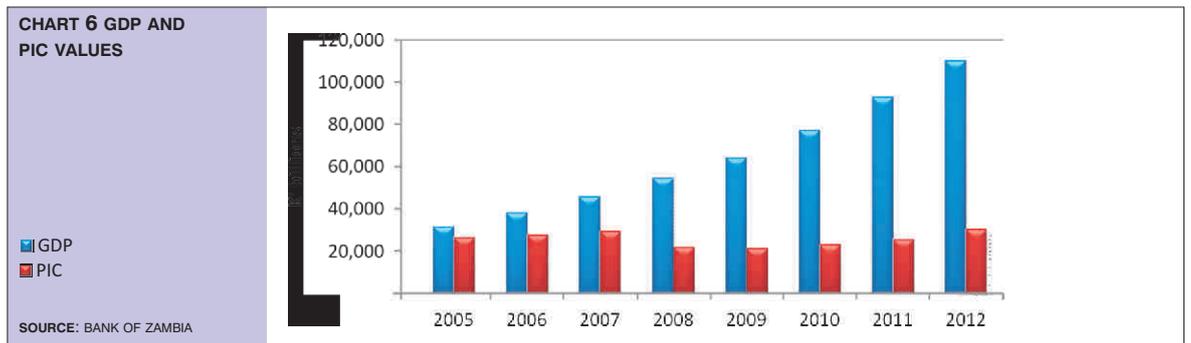
In 2012, the value of cheques cleared through the Physical Interbank Clearing (PIC) system increased by 18.6% to K30.8 trillion from K26.0 trillion in 2011 while the volume increased by 6.8% to 2,800,759 from 2,623,169 cheques in 2011. The use of cheques continued to be on the increase despite having other electronic payment systems in the country, (See Chart 5).



PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

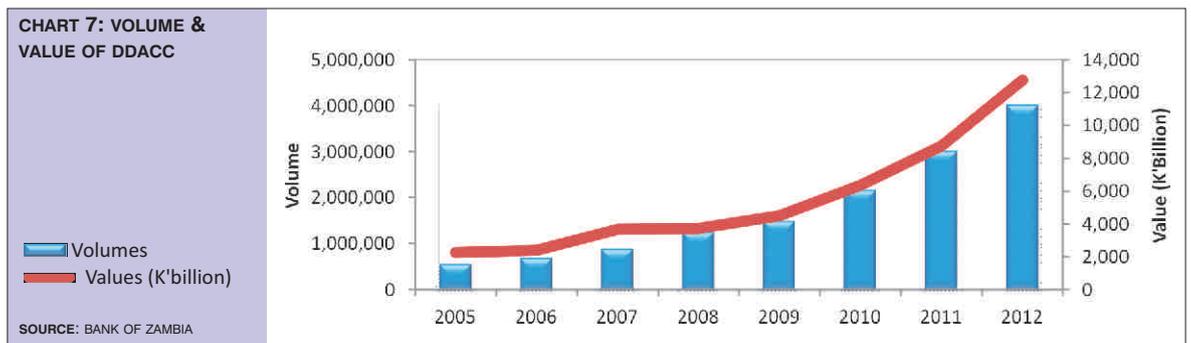


The value of cheques cleared at Zambia Electronic Clearing House Limited (ZECHL) has over the years been declining as a proportion of GDP. In the year under review, there was a slight increase to 30% of GDP as compared to 27% recorded in 2011. This was mainly driven by an increase in the value of cheques cleared in 2012 i.e. 18.6% as compared to 11.1% recorded between 2010 and 2011, (See Chart 6).



2.2.3 Direct Debit and Credit Clearing System

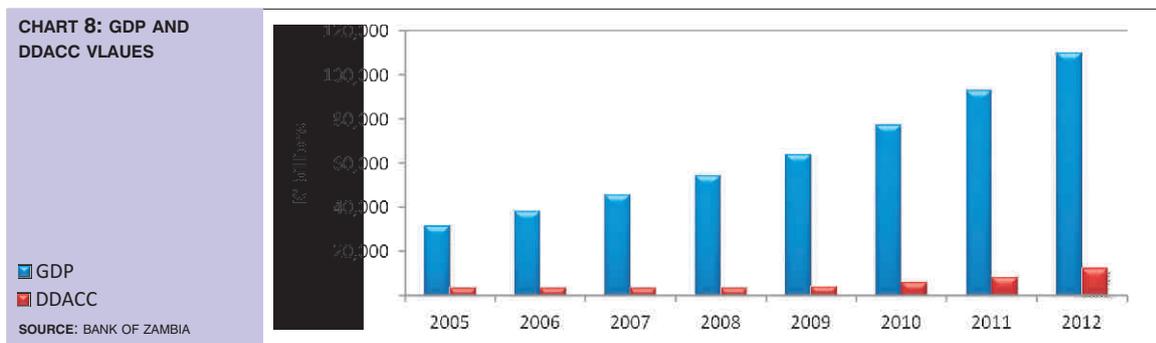
During the year under review, the value of transactions processed through the Direct Debit and Credit Clearing (DDACC) payment stream increased by 45.7% to K12.8 trillion from K8,8 trillion in 2011. Similarly, the volume of DDACC transactions increased by 33.2% to 4,027,061 from 3,024,080. The increase in the value and volumes of transactions processed through DDACC was attributed to customer's growing preference for electronic payment methods, (See Chart 7).



In the year under review, DDACC values as a proportion of GDP increased to 12.8% as compared to 9.4% in 2011. This was mainly attributed to the growth in the value of DDACC transactions that grew by 45.7% as compared to growth of 37.7% in 2011, (See Chart 8).



PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

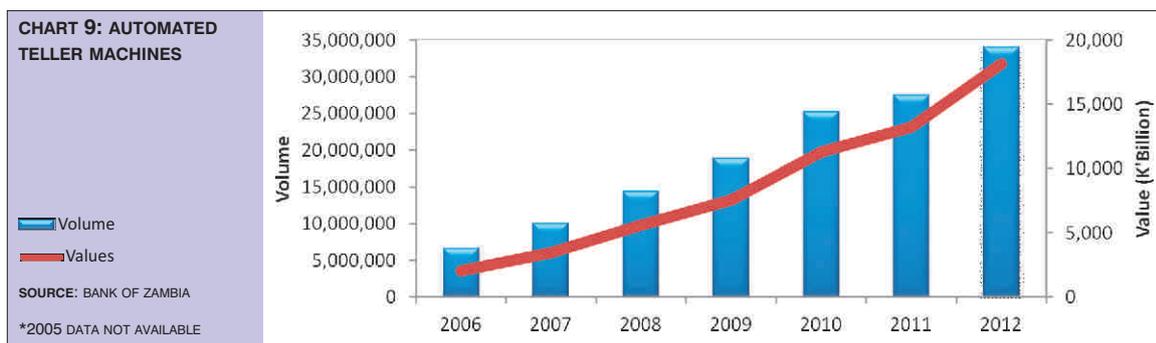


2.3 Industry Wide Important Payment Systems (IWIPS)

Overall the IWIPS namely the Automated Teller Machines (ATMs), Point of Sale (POS) and Money Transmission systems recorded an increase in transaction values and volumes. The increase in the value and volume of transactions was attributed to an increase in the number of ATM's and POS machines deployed in 2012 which increased by 19.7% to 643 from 537 and by 13.5% to 2,025 from 1,784 in 2011 respectively, which made it easier for customers to access and settle their transactions through electronic means.

2.3.1 Automated Teller Machines

The value of transactions processed through the automated teller machine payment stream increased by 37.3% to K18.1 trillion from K13.2 trillion in 2011. Similarly, the volume of automated teller machine transactions increased by 23.9% to 34,152,340 from 27,560,714 transactions recorded in 2011. The increase in the value and volume of transactions was attributed to the increase in cards issued as the number of cards in use increased by 23.4% to 1,676,982 in the year under review from 1,358,711 as at end 2011. In addition, there was an increase in the number of access points, (See chart 9).

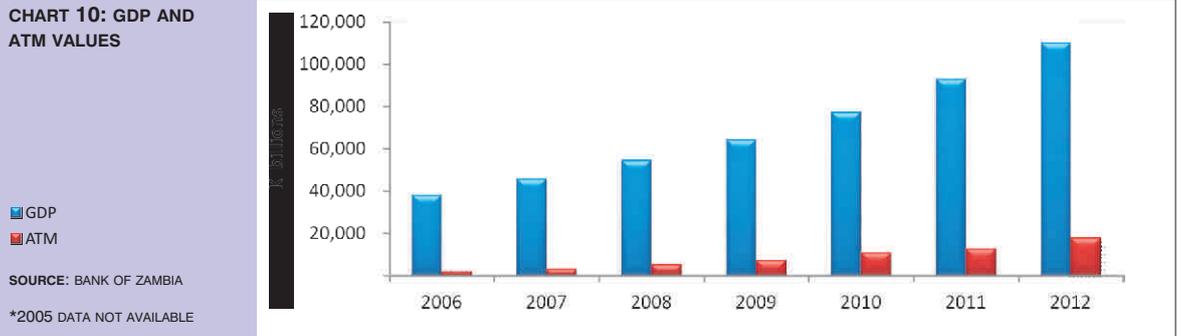


The values of transactions transacted at ATMs as a proportion of GDP were recorded at 18.2% in 2012 as compared to 14.1% in the previous year. This was mainly driven by the 37.3% increase in the actual values of transaction at ATMs, (See Chart 10).



PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

CHART 10: GDP AND ATM VALUES



2.3.1.1 Number of ATM Machines

The number of automated teller machines increased by 19.7% to 643 from 537 reported in 2011. The increase was mainly on account of banks continuously deploying ATM machines during the period under review. Lusaka and the Copperbelt provinces have the majority of ATM machines with 48% and 25% respectively, followed by Southern Province with 8%, (See charts 11 and 12).

CHART 11: NUMBER OF AUTOMATED TELLER MACHINES

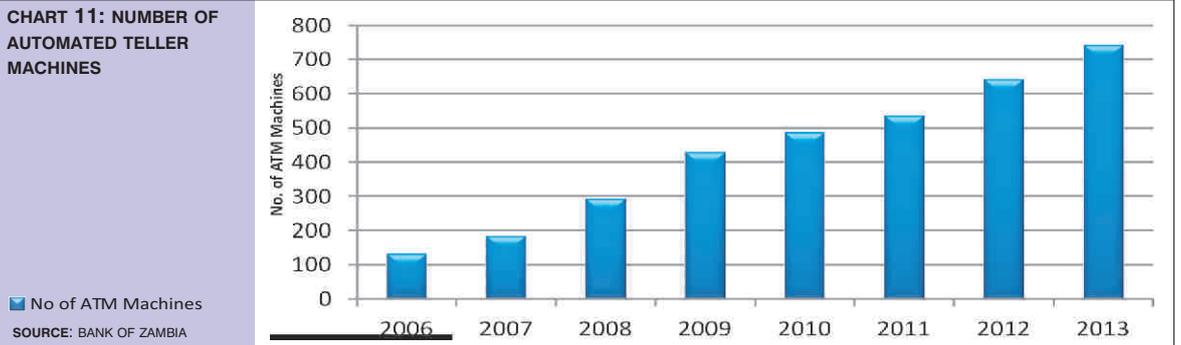
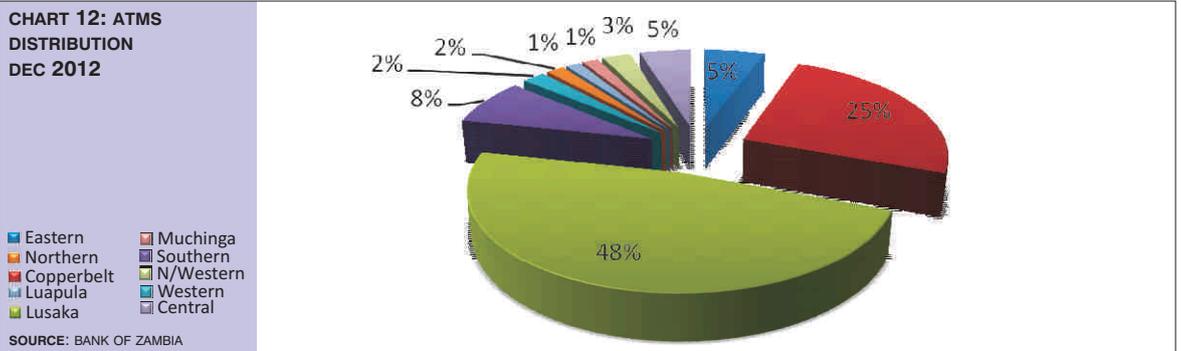


CHART 12: ATMS DISTRIBUTION DEC 2012

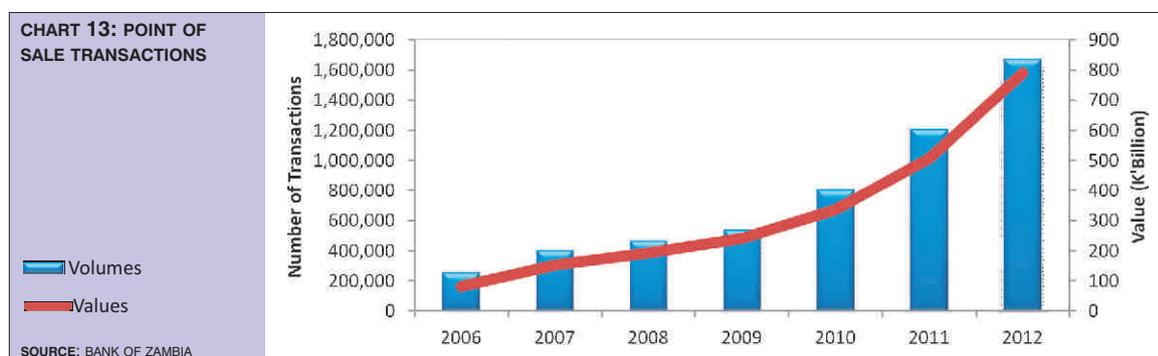




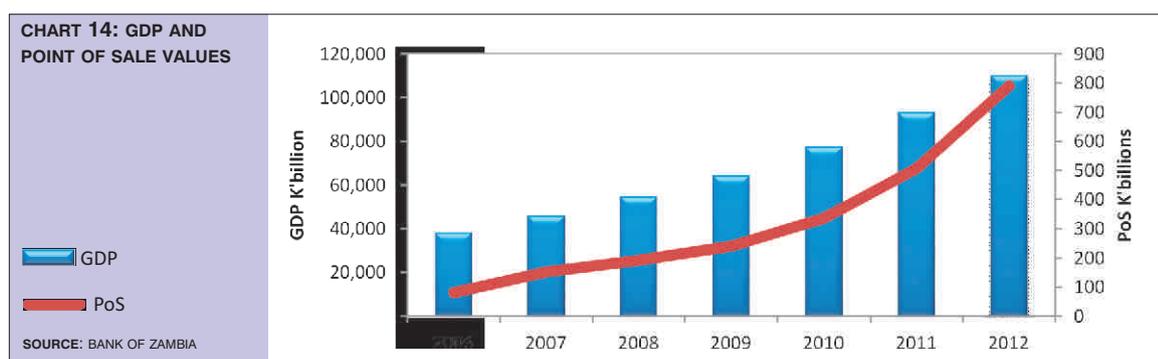
PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

2.3.2 Point of Sale Machine Transactions

During the year under review, the value of transactions processed through the point of sale payment stream increased by 56.0% to K790.6 billion from K506.7 billion in 2011. Similarly, the volume increased by 38.6% to 1,677,179 from 1,210,436. The increase in the value and volumes of transactions was attributed to the increase in number of Point of Sale machines deployed in 2012, (See chart 13).



The value of transaction on PoS have remained below 1% of GDP. In 2012, it was 0.79% of GDP, a slight increase from 0.54% in 2011. This was mainly due to the fact that the Point of Sale machines are concentrated in few centers and the preference of using cash as opposed to electronic means to pay for goods and services, (See Chart 14).

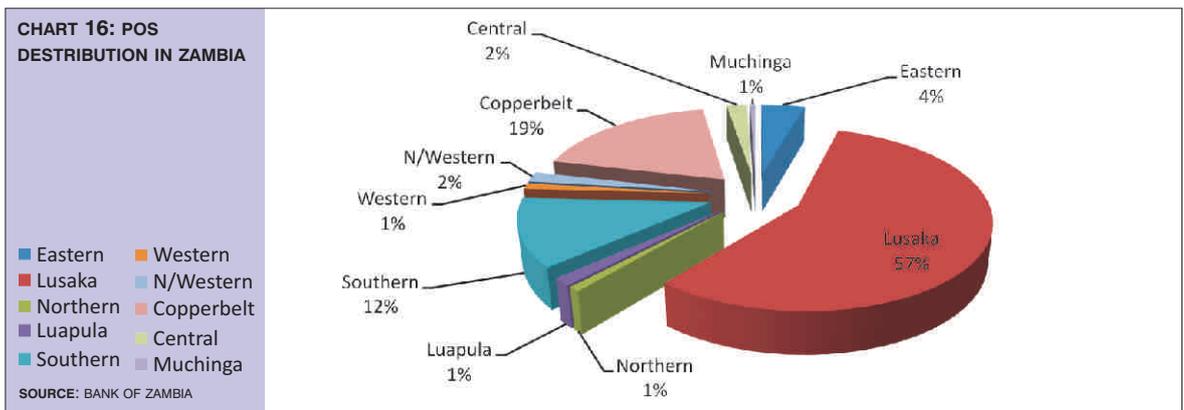
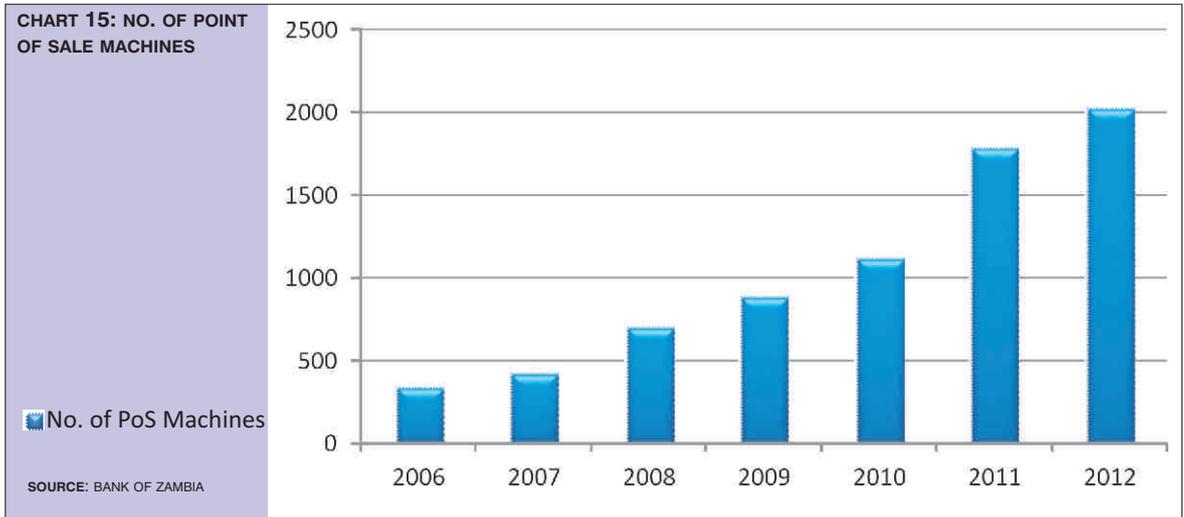


2.3.2.1 Number of Point of Sale Machines

In the year under review, the number of Point of Sale (PoS) terminals increased by 13.5% to 2,025 from 1,784 recorded in the previous year mainly on account of new deployment of machines by banks. Lusaka, Copperbelt and Southern Provinces had the majority of PoS machines with 57%, 19% and 12% respectively. The concentration of PoS machines in the three provinces is mainly due the high economic activities in these provinces, (see charts 15 and 16).



PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS



2.3.3 Money Transfers

The remittances market recorded an increase of 15.2% in values to K1.3 trillion from K1.1 trillion in 2011. Similarly the volume of transactions processed increased by 9.3% to 1,919,494 from 1,756,931 transactions recorded in 2011.

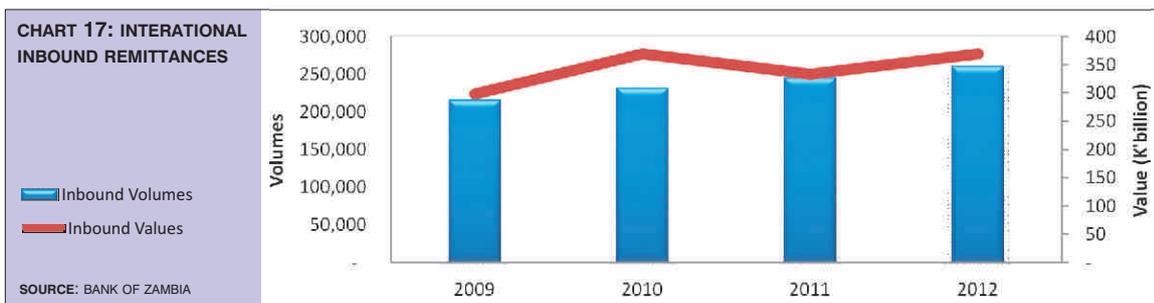
2.3.3.1 International Money Transmission Services

During the year under review, the value of inbound transactions increased by 10.8% to K368.8 billion from K332.9 billion in 2011. Similarly, the value of outbound transactions increased by 23.5% to K399.9 billion from K323.7 billion in 2011, respectively. On a net basis, Zambia was a net sender of funds amounting to K31.1 billion. Similarly, the volume of inbound transactions in 2012 increased by 6.1% to 261,330 from 246,318 transactions in 2011 whereas the volume of outbound transactions increased by 37.3% to 233,729 from 170,174 transactions in 2011, (see charts 17 - 19). The increase in both value and volume of International inbound transactions was attributed to receipts mainly from the United Kingdom, United States of America, Australia and South Africa.

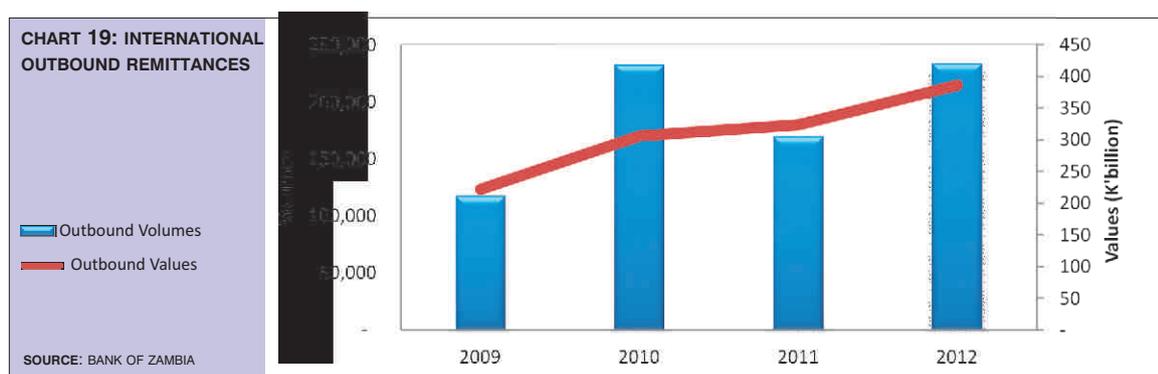
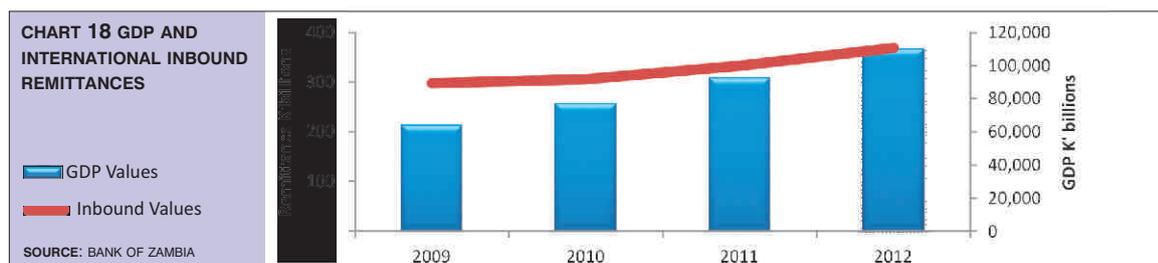
The increase in both value and volume of International outbound transactions was mainly attributed to funds transferred to the United States of America, United Kingdom and India.



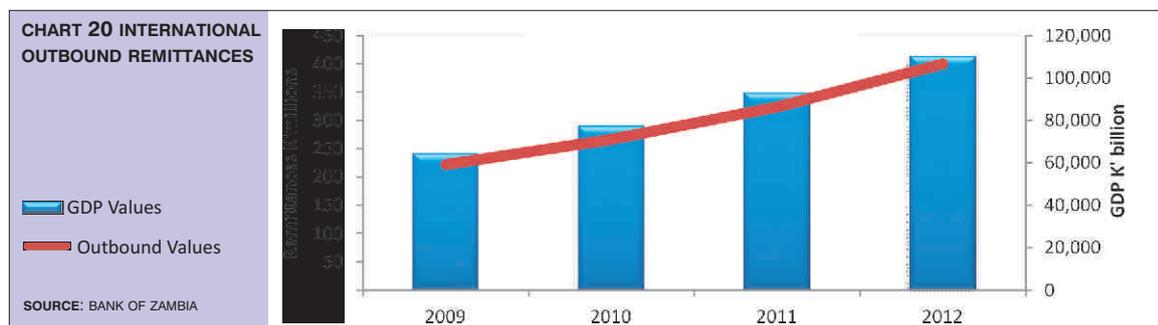
PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS



In the past four years, the values of inbound remittances have averaged 0.4% of GDP. In 2012, inbound remittances were K368.8 billion recording a 10.8% increase from the 2011 figure of K332.9 billion, (See Chart 18).



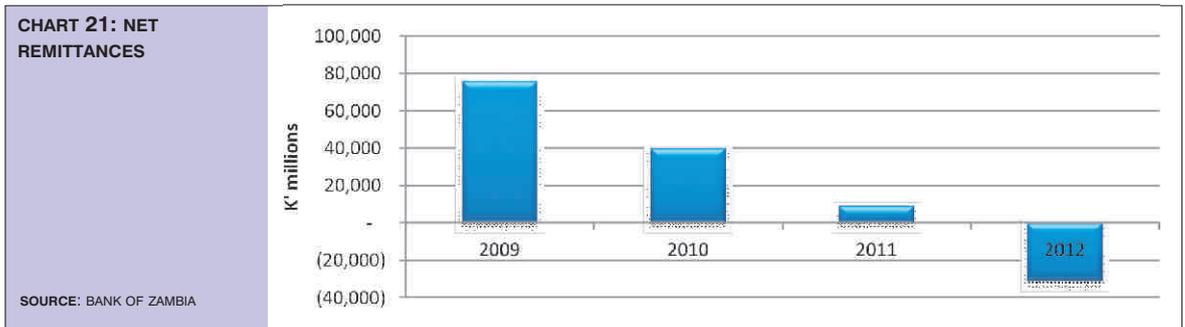
In the past four years, the values of outbound remittances have averaged 0.3 % of GDP. In 2012, outbound remittances were K399.9 billion recording a 24.5% increase from the 2011 figure of K323.7 billion, (See Chart 20).





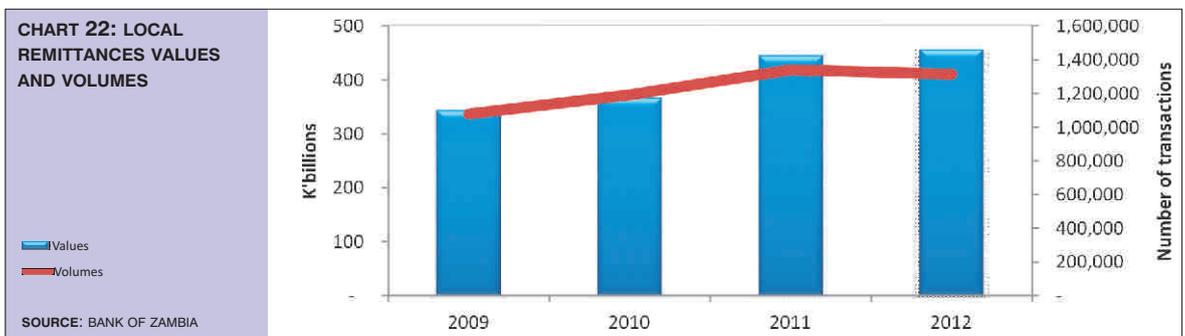
PERFORMANCE OF THE VARIOUS PAYMENT SYSTEM STREAMS

In 2012, Zambia was a net remitter of funds to the rest of the world. This was mainly attributed to the increase in outbound remittances in the second half of 2012. (See Chart 21)



2.3.4 Local Remittances

The local remittances market recorded an increase of 2.5% in the value of transactions processed to K457.8 billion from K446.5 billion reported in 2011. On the other hand, the volume of transactions decreased by 2% to 1,314,026 transactions from 1,340,439 transactions recorded in 2011. Zampost Swift cash has remained the leader in the local remittances market followed by Zoono and Bayport, while the Copperbelt and Lusaka Provinces topped net senders and net receivers in the local remittances mainly on account of increased commerce, trade and industry in these provinces. (See chart 22)



2.3.5 Mobile Money

During the year under review, the value of mobile transactions processed through the mobile money platform showed steady growth throughout the year. The value and volume of mobile transactions grew to K1.2 billion and 17,430,411 transactions by December 2012 from K64.3 billion and 58,078 transactions in January 2012. The rapid increase in both value and volume in mid-2012 was a result of the inclusion of Airtel money and MTN money transactions. (See chart 23).





DESIGNATION OF PAYMENT SYSTEM PARTICIPANTS AND BUSINESSES

3.0 DESIGNATION OF PAYMENT SYSTEM PARTICIPANTS AND BUSINESSES

In 2012, the Bank of Zambia granted two conditional designations for payments system businesses that applied to provide mobile money, switching and ATM services. The two applicants would commence full scale operations after satisfying conditions given by Bank of Zambia.



NATIONAL PAYMENT SYSTEMS PROJECTS

4.0 NATIONAL PAYMENT SYSTEMS PROJECTS

4.1 Payment System Projects

4.1.1 National Financial Switch

Progress on the National Financial Switch continued to be slow. However, the project is expected to pick up pace in 2013. The National Financial Switch will allow interoperability of payment infrastructure thereby improving convenience for consumers as well as reducing inefficiencies in payment processing by maximizing the use of payment systems infrastructure. In the year under review, the working group for the National Financial Switch was reconstituted comprising members from all the commercial banks, ZECHL and Bank of Zambia. The Bank of Zambia was tasked to take the lead in ensuring that the project is implemented timely.

This project will have implications on all the stakeholders. Commercial banks' core banking systems will be required to be reengineered in order to achieve real time settlement of transactions between customers of the banks. In addition, operating procedures within the banks will have to be modified.

The implementation of a national financial switch will benefit both the banks and the customers. For the customers the following will be some of the benefits;

- 24x7x365 day availability of the financial services;
- Real time authorisation of Credit/Debit card transactions;
- Real time transaction processing;
- Secure flow of transaction details between parties;
- Flexible and real time generation of reports;
- Multiple currency settlement;
- Provision of multiple interfaces and;
- Ability to provide value added services to the business community.

In terms of the banks and other financial services providers the following will be the benefits;

- Interoperability of the system that will be made easy through the switch;
- Reduction in investment in redundant systems that will be provided by the switch;
- Concentration in product innovation;
- Promote financial inclusion through the increase of the customer base;
- Reduction in cost of providing services as they will not be required to have a brick and mortar building to provide financial services; and
- Value addition to the customers through the services to be offered through the switch.

4.1.2 Cheque Truncation Project

The Bank of Zambia in collaboration with Bankers Association of Zambia (BAZ) and the Zambia Electronic Clearing House Limited (ZECHL) put in place infrastructure for the implementation of the Cheque Truncation System (CTS) in Zambia that was expected to go live in the first quarter of 2013.

The Cheque Truncation System (CTS) involves the process of clearing cheques using images between banks as opposed to using physical cheques. It is expected that the system will shorten and standardize the clearing period across the country to T+1 and thus facilitate early access to funds by customers. Further it will reduce the scope for clearing related frauds and minimize the cost of clearing cheques. To this end, BAZ introduced new cheques with enhanced security features consistent with the new clearing system.



NATIONAL PAYMENT SYSTEMS PROJECTS

4.1.3 Settlement of Cash Leg of Lusaka Stock Exchange Trades on ZIPSS

Bank of Zambia in collaboration with the Securities Exchange Commission and the Lusaka Stock Exchange implemented the settlement of the cash leg of the Lusaka Stock Exchange capital trades in central bank money through the Zambia Inter-bank Payment and Settlement System (ZIPSS) in September, 2012. This measure enabled Zambia to achieve international best practice for settling in central bank money, payments that are considered systemically important.



FUTURE TASKS AND POLICY DIRECTIONS

5.0 FUTURE TASKS AND POLICY DIRECTIONS

5.1 Implementation of Financial Markets Infrastructure Principles

In April 2012, The Bank for International Settlement (BIS) and International Organisation of Securities exchange committee (IOSCO) formally issued the Financial Markets Infrastructures Principles. Following issuance of the "Principles for Financial Markets Infrastructures (PMIs)" by the CPSS-IOSCO, it became necessary for Zambian FMIs to comply with the new principles. It is expected that all FMIs will be assessed against these principles to ensure that the Financial Markets Infrastructures are more resilient.

5.2 Modernization of the RTGS and CSD Systems

The Bank of Zambia completed the tender evaluation for the modernization of the large value payment system through the acquisition of a new Real Time Gross Settlement system. It is envisaged that the implementation of the new RTGS and CSD will enable the achievement of Delivery Versus Payment (DvP) in the area of Government securities market. The successful implementation of DvP for government securities will drive the market to move toward DvP for private securities as stakeholders will have to put measures to ensure that private securities settle based on the same principle as government securities.

5.3 Modernization of the Retail Payment Systems

During the period under review market players continued developing and implementing retail payment systems. The Bank and stakeholders will need to put in place a system that will enable the centralization of all the retail payment system through the implementation of a National Financial Switch. It is expected therefore that the market will agree on the rules of how transactions on the various retail payment systems will be cleared and settled through the centralized switch. This will entail agreements on rules on the following retail payment system;

- a. Integrating Automated Teller Machines (ATMs) networks
- b. Electronic Funds Transfer (EFT) Switch which should be made up of Inter-bank ATM network, Branch Banking Network and the Internet Banking Network
- c. Integrating Mobile Phones Banking Services System offered by the banks
- d. Integrating Mobile phone financial services systems provided by the non-bank financial services providers
- e. Integrating the Credit/Debit Card Payment System

5.4 Enhancements to the National Payment Systems Act and Regulatory Environment

The Bank of Zambia will be working on enhancing the National Payment Systems Act to ensure that the designation and oversight provisions are clearly stipulated in the law. In addition, the Bank will further develop other regulatory frameworks in the payment system arena.



NATIONAL PAYMENT SYSTEMS PROJECTS

APPENDICIES:PAYMENT SYSTEMS STATISTICS

Appendix I:SYSTEMICALLY IMPORTANT PAYMENT SYSTEMS (SIPS)

TABLE 1: VALUES OF SIPS

Year	ZIPSS (K'billions)	PIC (K'billions)	DDACC (K'billions)
2005	107,404	26,766	2,255
2006	121,593	28,269	2,395
2007	164,295	29,719	3,677
2008	228,613	22,337	3,742
2009	209,090	21,787	4,504
2010	276,160	23,360	6,353
2011	339,771	25,961	8,751
2012	388,323	30,790	12,751

SOURCE: BANK OF ZAMBIA

TABLE 2: VOLUME OF SIPS

Year	ZIPSS	PIC	DDACC
2005	59,590	2,240,165	546,117
2006	65,066	2,290,267	703,951
2007	91,462	2,489,190	895,637
2008	136,720	2,593,070	1,268,190
2009	148,247	2,558,805	1,510,645
2010	170,513	2,623,969	2,182,545
2011	198,586	2,623,169	3,024,080
2012	240,564	2,800,759	4,027,061

SOURCE: BANK OF ZAMBIA

TABLE 3: VALUE AND VOLUME OF CHEQUES CLEARED (PIC) (2005 – 2012)

Month	Value(K' Billion)	Volume
2005	26,766	2,240,165
2006	28,269	2,290,267
2007	29,719	2,489,190
2008	22,337	2,593,070
2009	21,787	2,558,805
2010	23,360	2,623,969
2011	25,961	2,623,169
2012	30,790	2,800,759

SOURCE: BANK OF ZAMBIA

TABLE 4: VOLUME AND VALUE OF DIRECT DEBIT AND CREDIT CLEARING (2005 – 2012)

Month	Value(K' Billion)	Volume
2005	2,255	546,117
2006	2,395	703,951
2007	3,677	895,637
2008	3,742	1,268,190
2009	4,504	1,510,645
2010	6,353	2,182,545
2011	8,751	3,024,080
2012	12,751	4,027,061

SOURCE: BANK OF ZAMBIA



PAYMENT SYSTEMS OVERSIGHT

APPENDIX II:

NON-SYSTEMICALLY IMPORTANT PAYMENT SYSTEMS

TABLE 5: NUMBER OF AUTOMATED TELLER MACHINES AND CARDS

Automated Teller Machines (ATMs)				
Year	Automated Teller Machines (ATMs)	No. of ATM Cards	Values of ATM Transactions K' Millions	Volumes of ATM Transactions
2006	133	357,000	4,323,197	6,740,711
2007	186	434,000	3,437,952	10,120,635
2008	295	584,000	5,587,354	14,491,380
2009	431	879,000	7,566,938	18,919,304
2010	486	1,082,000	10,684,107	23,866,329
2011	537	1,358,711	13,208,821	27,560,714
2012	643	1,676,982	18,134,080	34,152,340

SOURCE: BANK OF ZAMBIA

TABLE 6: NUMBER OF POINTS OF SALE MACHINES

Year	Points of Sale (PoS) Machines	Values of PoS Machines K' Millions	Volumes of PoS Transactions
2006	342	85,581	256,000
2007	420	153,661	403,000
2008	703	190,667	468,000
2009	889	239,681	543,000
2010	1,119	337,576	805,000
2011	1,784	506,661	1,210,000
2012	2,025	790,635	1,677,179

SOURCE: BANK OF ZAMBIA

TABLE 7: REMITTANCES

Year	INTERNATIONAL REMITTANCES				DOMESTIC REMITTANCES	
	INBOUND		OUTBOUND		LOCAL	
	Values (K 'Billion)	Volume	Values (K 'Billion)	Volume	Values (K 'Billion)	Volume
2009	298	216,700	222	117,460	345	1,078,520
2010	306	232,570	266	140,154	369	1,191,732
2011	333	246,318	324	170,174	447	1,340,439
2012	369	261,330	400	233,729	458	1,314,026

SOURCE: BANK OF ZAMBIA

Note: Statistics for remittances started in 2009



DESIGNATION OF PAYMENT SYSTEM PARTICIPANTS AND BUSINESSES

APPENDIX III

DESIGNATED ENTITIES AS AT DECEMBER 2012

	Payment Systems	Services	Address
1	Zambia Electronic Clearing House Ltd	PIC & DDACC Clearing	COMESA House, Ben Bella Road, Lusaka, Tel: 234356
2	Zamlink e-Switch	Switching services	3rd Floor, Indo Zambia Building, Cairo Road Lusaka
3	Calltrol	Switching	377A/45/B/1 House No 2 Reedbuck Road Kabulonga, PO Box 35139 Lusaka
4	Bank of Zambia	ZIPSS/RTGS	Bank Square Cairo Road, Tel:228888
	Payment Systems Businesses	Services	Address
1	Celpay Zambia Limited	Mobile payment services and money transmission services	Tel: +260211220750 Fax: +260211220757, Farmers House, Cairo Road, Lusaka
2	Mobile Payment Solutions	Mobile payment services	47 Independence Avenue , Lusaka Zambia
3	ZMP Limited	Mobile payment services and money transmission services	Airtel House, Addis Ababa Drive, Lusaka
4	Mobile Transactions Zambia Ltd	Mobile payment services and money transmission services	Plot No. 25 Joseph Mwilwa Road Rhodes Park Lusaka
6	National Savings and Credit Bank	Money transmission	Savers House, Cairo Road Lusaka, Tel +260211226834/227534
7	Money Express Limited	Money transmission	Tel: +260211225429 Fax: +260211233503
8	Zampost	Money transmission	Tel: +260212611222, Fax: +260212614831
9	NECOR Transtech	Money transmission	P.O. Box 31465, Lusaka.Tel: +260 211 229782/5, Fax: +260 211 226772
10	Runnymede	Money transmission	Plot No. 97, Tindu Crescent, Kabulonga, Private Bag 383X, Lusaka
11	Bayport	Money transmission	Plot No. 68, Bayport House, Independence Avenue, P.O. Box 33819, Lusaka
12	United Bank for Africa	Money transmission	Stand 22768 Corner Great East Rd and Thabo Mbeki Roads, P O Box 36794 Lusaka
13	Finance Bank Zambia	Money transmission	Finance House Cairo Road P O Box 36762 Tel 221808/229733 42 Lusaka
14	Stanbic bank	Money transmission	Stanbic House, Addis Ababa Drive Lusaka
15	ZANACO	Money transmission	Head Office, Cairo Road, P O Box 32111, Tel: 221355, Lusaka
16	Investrust bank	Money transmission	Ody's Building Great East Road P O Box 32344 Tel 294682/5, Lusaka
17	CFB Money Transfer Limited	Money transmission	Mlife House Dar-es-Salaam Place P O Box 33456 Lusaka
18	Money Link Zambia Limited	Money transmission	P O Box 33604, Nkwazi/Cha Cha Cha Road, Tel 222736, Lusaka
19	Ecobank	Money transmission	Accacia park Corner of Thabo Mbeki and Great East Road Lusaka
20	PostDotNet	Money transmission	Tel: +260211255542 Fax: +260211252617 P/B E891 3550/11 Lagos Road, Rhodes Park Lusaka, Post.net@zamnet.zm
21	Cactus Financial Services	Money transmission	Suite 9, Tazama House , Ndola
22	Standard Chartered Bank	Money transmission	Standard House, Cairo Road P O Box 32238, Tel222046/229242-60, Lusaka
23	Access Bank	Money transmission	Plot 682, Cairo Road; P O Box 35273; Tel: 227941 Lusaka
24	Brookfield Limited T/A Genesis Global Finance	Money transmission	Tel: +260211253166, Fax: +260211252798 Lusaka
25	FX Africa Bureau de Change	Prepaid Payment Card	Shop No. 3, Kenneth Kaunda House, P.O. Box 51086 RW, Lusaka
26	AB Bank	Money transmission	South-end, Cairo Road, Lusaka
27	Intermarket Bank Limited	Money transmission	2nd Floor Farmer's House Cairo Road P O Box 35832 Lusaka



APPENDIX

APPENDIX III

CONT': DESIGNATED ENTITIES AS AT DECEMBER 2012

	Payment Systems Participants	Services	Address
1	Access Bank	RTGS, PIC, DDACC	Plot 682, Cairo Road; P O Box 35273; Tel: 227941, Lusaka
2	AB Bank	RTGS, PIC, DDACC	Southend, Cairo Road, Lusaka
3	African Banking Cooperation	RTGS, PIC, DDACC	ABC Pyramid Plaza, Church Road; P O Box 39501 Tel: 234541/232991-3, Lusaka
4	Bank of china	RTGS, PIC, DDACC	Plot No.2339 Kabelenga Road; P O Box 34550 Tel 2386/238688, Lusaka
5	Barclays Bank	RTGS, PIC, DDACC	Elunda Park Plot 4644 P O Box 31936;Tel 366150/366100, Lusaka
6	Cavmont Capital	RTGS, PIC, DDACC	Anchor House Sapele Road P O Box 32222 Tel: 224280/6/7, Lusaka
7	Citibank	RTGS, PIC, DDACC	Citibank House, Cha Cha Cha Road P O Box 30037 Tel 229025-8, Lusaka
8	Ecobank	RTGS, PIC, DDACC	Stand 22768 Acacia Park Great East Road Tel: 250202/4,250056/7, Lusaka
9	Finance Bank	RTGS, PIC, DDACC	Finance House Cairo Road P O Box 36762 Tel 221808/229733 42, Lusaka
10	First Alliance Bank	RTGS, PIC, DDACC	Alliance House Cairo Road P O Box 36326 Tel.229303-6, Lusaka
11	First National Bank	RTGS, PIC, DDACC	Stand 22768 Acacia Park Great East Road Tel 845852/4, Lusaka
12	International Commercial Bank	RTGS, PIC, DDACC	Plot 4302, Corner of Great North & Washama Road, Villa Elizabetha, P O Box 32678,Lusaka
13	Indo Zambia Bank	RTGS, PIC, DDACC	Plot 6907, Cairo Road P O Box 35411 Tel 224653/225080/228074, Lusaka
14	Intermarket Banking Corp.	RTGS, PIC, DDACC	2nd Floor Farmer's House Cairo Road P O Box 35832, Lusaka
15	Investrust Bank	RTGS, PIC, DDACC	Ody's Building Great East Road P O Box 32344 Tel 294682/5, Lusaka
16	Stanbic Bank	RTGS, PIC, DDACC	Stanbic House, Addis Ababa Drive Lusaka
17	Standard Chartered Bank	RTGS, PIC, DDACC	Standard House, Cairo Road P O Box 32238, Tel222046/229242-60, Lusaka
18	United Bank for Africa	RTGS, PIC, DDACC	Stand 22768 Acacia Park Great East Road, Lusaka
19	ZANACO	RTGS, PIC, DDACC	Head Office, Cairo Road, P O Box 32111, Tel: 221355, Lusaka

SOURCE: BANK OF ZAMBIA



APPENDIX

APPENDIX IV: ZIPSS CHARGES

TABLE 9: BANK OF ZAMBIA ZIPSS CHARGES SCHEDULE

Processing charges (K)	Window 1	Window 2	Window 3	EOD
FSI processed on RTM	5,000	10,000	15,000	20,000
Report request processing	5,000	10,000	15,000	15,000
Processing concurrent batch	Free	Free	Free	Free

Exceptional charges	Charge (K)
(1) Insufficient funds for RTM (single FSI)	1,000,000
(2) Repo becomes permanent trade ¹	1,000,000
(3) Bank causes Position Window to be extended (Charge both parties)	100,000
(4) Charge to act on a RAFSI send (ASA)	100,000
(5) Charge to act on a RAFSI accept (ASA)	100,000
(6) Incorrect REC code and/or payment information on FSI to BOZ	50,000
(7) Defaulter of concurrent batch (RTM and LOM)	5,000,000
(8) Invalid Instruction	50,000
(9) Charge to remove/discard a RAFSI (Charge both parties)	200,000
(10) ASA Transaction Processing Charge (per FSI)	30,000

SOURCE: BANK OF ZAMBIA

