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Bank of Zambia has donated a laptop and a printer to the Zambia United National Freedom Fighters Association to help them meet their administrative objectives and assist in consolidating a master register of freedom fighters, which Government has requested them to submit.



Page 12- St Mark's Secondary School receives computers

The Bank of Zambia has donated 20 used computers to St Mark's Secondary School in Choma. The computers were donated by Director - Board Services Ms Namwandi Ndhlovu on behalf of the Bank through the Anglican Diocese of Lusaka.



Page 14 - International Women's Day

The Bank of Zambia (BoZ) joined the rest of the world in commemorating this year's International Women's day celebrations that took place on 8th March 2019 under the theme, think equal, build smart and innovate for change.



Page 32 - Celebrating Women

My name is Tukiya Kankasa-Mabula. I am the third child out of ten, three boys and seven girls. I am a wife, mother and grandmother. I am the Deputy Governor for Administration at the Bank of Zambia.



Bank of Zambia

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

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Mission:

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



Fraudulent schemes on the rise

By Zambanker Reporter

The Bank of Zambia (BoZ) has reminded and urged all members of the public to be extra vigilant when establishing business relationships with entities that purport to provide a financial service by ensuring that these were duly licensed by the financial sector supervisory authorities being BoZ, Pensions and Insurance Authority and the Securities and Exchange Commission.

Speaking at the opening of the second branch of the Zambia Industrial Commercial Bank (ZICB) in Kitwe recently, Deputy Governor-Operations Dr Bwalya Ng'andu noted that the country had recently seen a rise in the number of fraudulent schemes which entice members of the public to contribute deposits to financial institutions which are not registered or regulated by the BoZ or any other regulator in the financial sector for that matter.

He explained that these institutions obtain deposits on the pretext that the money deposited will be multiplied three-fold or four-fold in a short period of time, sometimes as short as one month. He said these schemes, which promise unrealistically high returns, are essentially money circulation schemes or pyramid schemes which are meant to defraud and not to give customers the expected return on their money. The nature of their operations is that they collect deposits quickly and disappear just as quickly. Because of this, they are difficult to detect and usually by the time the authorities come to know about their presence they have disappeared with people's money.

"The Central Bank working with law enforcement authorities will as much as possible hold to account promoters of such schemes but it is not always possible to rein them in before they have done damage. To defeat promoters of these schemes, the public is urged to deal with verifiable registered financial institutions and to ask where you are not sure. All of us individually and collectively are the first line of defence

against this scourge as we should always remember that when an investment vehicle promises returns that are too good to be true it is because they are indeed too good to be true. Let us be careful of investment proposals which promise extremely high returns but give no

discernible underlying commercial activity that can support the generation of such returns," he said.

Earlier, Dr Ng'andu explained that the ZICB strategy of primarily focusing on meeting the needs of industrial and commercial enterprises in order to support growth generally and more specifically to hand hold SMEs as they transition to stable businesses was welcome to the extent that it may provide practical solutions to some key challenges that various businesses on the Copperbelt and the country at large currently face. Among these challenges are the limited supply of finance to industry, especially long term finance.

He said it was important to understand that the industry could not grow or let alone thrive entirely on short term financing since most meaningful projects have a long term gestation period. He elaborated that the cost of credit was also relatively higher for various reasons than what the Central Bank would want it to be. Consequently, economic growth has been sluggish and way short of the rates needed to meet aspirations contained in the 7th National Development Plan and the actualisation of Zambia's Vision 2030.

"I'm told that this bank wants to face these challenges head on by becoming a leading provider of the much needed long term financing to its customers. However, for the bank to be able to meet the needs of industry, for instance, it must have access to long term credit lines so that it is able to effectively match its assets with its liabilities. The bank's management has already embarked on sourcing long term credit lines with tenors of up to seven years which means that it will be in a position to lend to its own customers for periods of up to five to six years" he said.

He indicated that it was gratifying that ZICB was looking at accessing mortgage financing which will bring in even longer term money. He said it is long term financing which will give the support needed for businesses in manufacturing, construction and agriculture as well as tourism to grow sustainably. He said it is this type of financing that could help to restore the Copperbelt to the industrial hub that it once was.

The Deputy Governor said he was happy that the ZICB's growth strategy intends to set itself apart from its

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Dr Bwalya Ng'andu

Revision of National Payment System

Consultations for the revision of the National Payment System Act will be undertaken during the second quarter with key stakeholders including commercial banks.

The consultations are meant to align the NPSA with the SADC model law on Payment Systems.

Digital Financial Services

The Bank of Zambia has formed a working Group to promote the use of digital financial services countrywide. The Working Group will develop strategies to promote DFS including a communication strategy that will guide the popularisation process. Commercial banks will be expected to fully participate in the roll out of strategies to promote DFS.

Cyber Security

Cybersecurity will be one of the aspects that the Bank and the financial service providers will be working on going forward. This is to ensure the protection and integrity of the Payment system infrastructure.

Clean Note Policy

Clean Banknote Policy campaigns will form part of the activities for 2019 given the introduction of enhanced banknotes in 2018. All commercial banks are expected to participate in the removal and replacement of the worn out bank notes currently circulating.

New Capital Adequacy Rules

New Capital Adequacy Rules based on Basel II and selected aspects of Basel III are currently being finalised by the Ministry of Justice/Ministry of Finance.

Once cleared, the Bank of Zambia will issue these rules to banks. Sufficient time for implementation will be given to the banks as this will entail making changes to the Prudential Returns to reflect the new changes.

Consultative Paper on Bank of Zambia Proposed Liquidity Rules based on Basel III standards:

The Bank of Zambia will be issuing a consultative paper on its proposal to implementing the Basel III liquidity standards. This will be done by the second quarter of 2019.

Risk Management Directives

The Bank will be re-issuing the Risk Management Directives to take into account the new developments such as the requirements of the BFSI (2017), 2012 Core Principles for Effective Banking Supervision, and issues highlighted by the Global Financial crisis.

Revisions to SI No. 142 of 1996, the Classification and Provisioning Rules

The Bank has commenced a process to substantially revise the rules on the classification and provisioning of loans and advances. The major area of revision will be on the treatment of collateral when computing the provisions. It shall also deal with the interaction of the Prudential Rules and IFRS 9's impairment requirements.

Communications Division receive Boost

The Communications Division recently underwent intensive training conducted by a Technical Assistance (TA) Mission from AFRITAC South (AFS) which was in Lusaka in January. The primary purpose of the mission was to strengthen capacity for core communication functions within the newly enhanced Communications Division.

The mission worked with the Communications Division (COM), and held a number of discussion sessions, workshops and presentations.

The mission discussed the findings, recommendations, and next steps in building and improving the communications function at the Bank of Zambia with the Deputy Governors, Dr Bwalya Ngandu (Operations) and Dr Tukiya Kankasa-Mabula (Administration).

'Revisit financial education'

By *Zambanker Reporter*

Deputy Governor-Operations, Dr Bwalya Ng'andu has called upon the financial sector to help enhance behavioural and mindset change towards better money management. He has also urged individuals, including children, youths and adults to continue learning more about the wide array of financial products such as savings accounts, pension schemes, education policies, unit trusts, fixed deposits and securities that can be used to save towards their financial goals or key life events.

better life". Dr Ng'andu explained that being financially smart contributed to an increased savings rate in the country and therefore supported national development. He said national economic development could be achieved through the mobilisation of domestic resources supported by foreign capital or investment.

"Getting people prepared for the realities of the 21st century through financial education is an important part of the financial sector. It is critical now, more than ever that everybody is on the path to financial security, which can only be guaranteed if the financial sector continues to reach out to different audiences through targeted messages. With adequate saving at domestic level, institutions in need of capital will access affordable finance from these local savings through financial intermediaries," he said.

The Deputy Governor said teaching of financial literacy in schools combined with extra-curricular programmes should, for example, be taken advantage of because it has been found to be a good stage to change mind-sets of the future leaders. He said such education will help the younger as well as older generations deal with the questions about debt repayments, retirement savings, budgeting, mortgages and lines of credit, among others.

He said that this could be done through a combination of traditional classroom activities, technology enabled games and some limited real world practice or simulations.

He said that on its part, the Bank of Zambia under a programme supported by the German Government has trained more than 6,000 MSME operators and farmers who have received simulation training to help them become better farmers and businessmen, among other financial literacy outreach activities.

He added that commercial banks, non-bank financial institutions, including microfinance institutions, insurance companies, stock exchanges, credit unions and/or savings groups, mobile network operators as well as pension schemes should continue to foster financial inclusion by serving the underbanked and underserved population of the country.

He urged all regulated entities to work on expansion of distribution networks such as branches, Automated Teller Machines (ATMs), branchless banking and use of agency banking that has been instrumental in enhancing access to finance in many countries, given that the biggest driver in financial inclusion is digital finance and innovation in this area needs to be supported.

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Deputy Governor Operations Dr Bwalya Ng'andu and BoZ staff arriving for the official launch of the 2019 Financial Literacy Week at the National Institute of Public Administration (NIPA)

Speaking in Lusaka during the launch of the 2019 Financial Literacy Week whose theme was '**Be Money Smart to live a better life**', Dr Ng'andu explained that most Zambians have, over the years, fallen victim to personal debt, empty savings account and inadequate retirement planning because they have lacked a practical financial education. He attributed this to a lack of passage of financial knowledge through the generations because

parents from whom most children learn about money, did not receive any financial education and were therefore not comfortable teaching their children about money.

"One way to be money smart and live a better life is to budget. A budget is a plan that will help you make the best use of what you earn and save, no matter how little.

Doing so, will help you live up to this year's theme: 'Be Money smart - to live a



Interbank money market

...the credit lines, business relationships and limited trading

By Zambanker Reporter

Deputy Governor-Operations, Dr Bwalya Ng'andu has reiterated that the Bank of Zambia considers the existence of a viable interbank money market crucial for the successful implementation of monetary policy. He said that the viability of the interbank and financial markets is dependent on the financial sector's commitment to provide tangible benefits to all.

Speaking during the Annual Treasurers' workshop whose theme was "Unlocking Constraints to the Effective Functioning of the Interbank Money Market in Zambia," the Deputy Governor expressed regret that the interbank money market in Zambia was far from being efficient and in a way failed to effectively play its role in the monetary policy transmission process.

This, he said, was largely due to segmentation, mostly dictated by credit lines, business relationships as well as limited trading across banks of different sizes.

He explained that the money market was undoubtedly one of the key pillars of financial markets and a critical conduit for monetary policy transmission as it served as an initial step in the reallocation of liquidity from institutions with surplus funds to those in deficit, thus allowing for more efficient

financial intermediation and effective monetary policy implementation. With the current monetary policy regime adopted by the Bank of Zambia, money markets, particularly the interbank market play a vital role and is at the helm of effective monetary policy management. The Bank's target is to signal and influence conditions in the general economy by aligning the overnight interbank rate as close as possible to the Policy Rate. By affecting the overnight rate (operating target), the Bank of Zambia influences other interest rates in the economy and eventually domestic prices.

"One limitation (weakness) of the Zambian interbank money market is that it counterintuitively responds to changes in liquidity conditions as opposed to the traditional inverse relationships. Ordinarily, what is expected is that when liquidity conditions improve, commercial banks participation in the interbank money markets reduces, but this is not always the case in the Zambian interbank money market. These problems have continued to hamper market efficiency and consequently effective implementation of monetary policy," he said.

The Bank of Zambia conducted a survey from April to May, 2018 on the interbank money market and the results revealed that market segmentation in the interbank market exists, underpinned mostly by size of the bank and limited credit lines.

In addition, the survey showed that small banks tend to lend and borrow funds amongst each other and this phenomenon applies to big banks as well.

Further, the bulk of funds are held by few banks, mostly big banks, leaving the rest of the market with little funds to meet their obligations.

A summary of the survey findings

included, among others, the following: concentration of liquidity in a few banks in the market; highly segmented the interbank money market, mainly due to limited credit lines among banks both for lending and borrowing; small banks dominate the borrowing side while big banks are mostly on the lending side.

This reflected the huge deposit base and the capitalisation of big banks; not all the big banks are active in the interbank market due to their internal policies relating to the determination of credit lines; there are structural constraints which affect the distribution of liquidity: banks do not trade freely with each other and trading is mostly undertaken according to bank size and existing relationships; and some market players do not fully understand the operational framework for open market operations.

"It is good to note that this workshop's participation has been broadened to include Money Market Dealers, Credit Officers, and staff from the Treasury Back Office, in order to ensure that comprehensive and balanced insights from all key stakeholders involved in the operations of the interbank money market are obtained.

The rationale was to shed light on what needed to be done to unlock constraints in the interbank money market especially those related to market segmentation," he said.

Meanwhile, the Deputy Governor cautioned participants that the foreign exchange market world over was fragile and a very delicate market which needed to be handled with care. He added that it was important therefore that they all acted responsibly and ensure that the movements in the exchange rate were driven by fundamentals and not speculative motives.

"Our actions have far reaching consequences beyond the dealing rooms and affect our own customers and the economy as a whole. As we have said before, the Bank of Zambia does not have a preferred level of the exchange rate in mind. We are most concerned about the pace of the movements especially when they are not related to fundamentals," he said.

Other presentations were made by the Central Bank team who informed participants that the Bank's mandate is to formulate and implement monetary and supervisory policies that ensure price and financial system stability. Prior to April 2012, the conduct of monetary policy was based on the monetary aggregate targeting (MAT) framework.

In the MAT framework, reserve money was the operating target, and broad money was an intermediate target, with inflation as the



Deputy Governor Operations Dr Bwalya Ng'andu officially opening the Zambia Industrial Commercial Bank (ZICB) Kitwe branch

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Stand United

By Zambanker Reporter

Deputy Governor – Administration, Dr Tukiya Kankasa-Mabula has called on women to support and empower each other through a combination of information and inspiring events, which will bring them together and equip them with the knowledge they need to take their next steps.



Deputy Governor Administration Dr Tukiya Kankasa-Mabula with Chairperson of Barclays Bank Zambia Plc Ms Chishala Kateka and other BBZ staff at the AYT Barclays Executive Ladies Health and Wellness session at Radisson Blu Hotel in Lusaka

Speaking at the AYT Barclays Executive Ladies Health and Wellness session recently, Dr Kankasa-Mabula said providing women and girls with equal access to education, health care, decent work and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large. She indicated that executing new legal frameworks concerning female equality in the workplace and the ending of harmful practices targeted at women is crucial to ending the gender-based discrimination.

“The role that we play as women cannot be over-emphasized, but the call remains- we must stand united. The cause for unity is so important because this is what helped to break so many barriers that are no longer privileges but a way of life for us. At one point in time, many women had to fight so many battles from voting rights, to participating in a simple marathon and yet, here we are today doing some of these things effortlessly because the hard work had been done in the past! Without standing together, some of these activities would not be possible today - we would still be voiceless,” she said.

She explained that more women need to be empowered financially through corporate

and entrepreneurial opportunities for them to effectively contribute to the growth of the economy and most importantly, strike that work - life balance that is often talked about but rarely achieved by women.

Dr Kankasa-Mabula added that it was important that society reflected on the changes that the workplace is undergoing given that various places of work are being reshaped by an increase in millennial talent entering them. She said the young people were challenging the low representation of women in leadership positions as well as the financial gaps that exist between male and female counterparts, because they strongly believe their voice must be heard louder. She challenged fellow female leaders to take time to mentor people and not to be rigid in their old ways by not embracing change.

The Deputy Governor said she was very impressed with and commended Barclays Bank on their statistics regarding participation of women in the work place as greater participation of women brings value to organisations and achieving gender equality is important for workplaces not only because it is 'fair' and 'the right thing to do,' but because it is also linked to a country's overall economic performance.

“As leaders, we must have the diversity, gender equality and workforce inclusion agenda at the top of our minds, because this is what will determine whether or not our organisations will be considered as employers of choice, but also importantly, that we have a pool of women in various sectors who are seen as an inspiration to others.

With the gender equality agenda top of our list, we have a bigger reason to go through uncharted waters because we are capable of doing anything as good as men. There is no area or career that stands as a challenge for women from being a pilot, to an engineer or CEO of a large corporate or even being an elected president of a nation - we have conquered it all,” she said.

The 2015 Global Gender Gap Report published by the World Economic Forum states that gender equality is not only a fundamental human right but is linked to a country's overall economic performance.

She said people and their talents are among the core drivers of sustainable, long-term economic growth. If half of these talents are underdeveloped or underutilised, growth and sustainability will be compromised.

“Moreover, there is a compelling and fundamental values case for empowering women: women represent one half of the global population—they deserve equal access to health, education, earning power and political representation,” she explained. A study by McKinsey & Company found that companies in the top quartile for gender diversity on their executive teams were 21% more likely to experience above-average profitability (McKinsey & Company, 2018). The study also found that executive teams that were high-performing had more women in revenue-generating roles (McKinsey & Company, 2018). This is significant as women are generally underrepresented in line roles (McKinsey & Company, 2017) The findings also indicate that companies with low representation of women and other diverse groups were 29% more likely to underperform on profitability (McKinsey & Company, 2018).

Another study from the US examined the performance of 1,500 companies over 15 years and showed that women's representation in senior management is associated with improvement in organisational performance where a company focuses on innovation (Dezso, C L and Ross, D G, 2012). The study showed that at an average level of innovation intensity, the presence of a woman in top management amounts to creating extra market value for each firm of approximately US\$44 million.

The correlation between more female leaders in top leadership positions and increased financial profitability was also evident in an analysis of the performance of 21,980 firms in 2014 in 91 countries by the Peterson Institute for International Economics.

AFI awards Musantu



Mr. Moses Musantu receiving his awards from the Deputy Governor of Central Bank of the Bahamas, Derek Rolle



By Zambanker Reporter

Senior Analyst – Consumer Protection and Market Conduct Mr Moses Musantu, has been awarded two certificates of recognition for his contribution through expert technical inputs, active participation and advocacy on financial inclusion policies to the Alliance for Financial Inclusion (AFI) working groups.

AFI specifically recognised Mr Musantu's active participation in peer reviewing of financial consumer protection policies,

providing peer countries with in-house practical training on the use of financial consumer protection and market conduct

policy tools for setting up implementation units and joint stakeholder training or engagement for implementing policies and regulations.

Altogether, AFI acknowledged 17 members of Consumer Empowerment and Market Conduct Working Group (CEMCWG) and 18 from Digital Financial Services Working Group (DFSWG) for their hard work and dedication in advancing the financial inclusion agenda within their working groups.

Members of the two groups also elected new leadership teams. Mr Nadezhda Prasolova of Bank of Russia from the DFSWG was elected co-chair while CEMCWG appointed Mr Musantu as the subgroup lead tasked with the responsibility of developing a knowledge product on Complaints Handling.

AFI's working groups are key to developing knowledge that can be turned into guidelines or knowledge products to help members in the implementation and development of policy regulations for financial inclusion.

Launched in April 2011, the CEMCWG aims to support consumer empowerment and protection in order to help secure access to and improve the quality of financial services.

Its prime objective is to develop and share a common understanding of lessons learned and cost-effective policy tools, and to promote their adoption at the national level as well as in a broader international context.

Members of the DFSWG spent four days tackling issues surrounding digital finance and fintech. At the same time, CEMCWG focused on its four main policy areas: financial education, supervision and gender, responsible lending and institutional framework.

Member institutions welcomed the adoption of new technological innovations to enable easier access to financial products. Members stressed the need for greater regulation to protect consumers and maintain trust.

The Meetings, which took place from 26 to 29 March, 2019 in Nassau, Bahamas were cohosted by the AFI in conjunction with the Central Bank of the Bahamas. Mr John A. Rolle, the Governor of the Central Bank of the Bahamas officially opened the Meetings, which were attended by over 100 participants drawn from different AFI member countries.

Zambia's International Investment Position

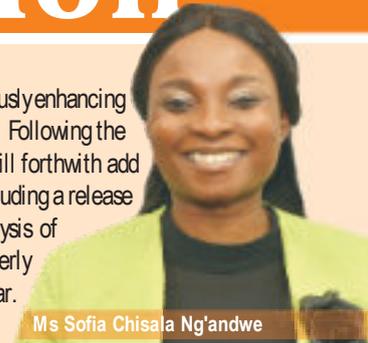


Dr Ivan Zyuulu

By Dr Ivan Zyuulu & Sofia Chisala Ng'andwe

Consistent with its forward looking monetary policy framework the Bank of Zambia (BoZ) is continuously enhancing the availability, accessibility and use of relevant economic data for policy analysis and research. Following the implementation of a publication calendar for Balance of Payments (BoP) Statistics in 2018, BoZ will forthwith add Zambia's International Investment Position (IIP) Statistics to the Bank's statistical publications, including a release and revision calendar. This is aimed at providing stakeholders with extra information for the analysis of external sector performance. The first publication will cover annual data from 2015 to 2017 and quarterly data from Q1 2017 to Q2 2018. Thereafter, publications will follow the dates on the release calendar.

The Bank's website at www.boz.zm is the primary platform for the publications.



Ms Sofia Chisala Ng'andwe

In the last decade, Zambia's exposure to the international capital and financial markets has increased, as evidenced by the issuance of Eurobonds and increased foreign direct investment flows. This has necessitated the need for quality statistics on financial flows and stocks between residents and non-residents. To meet this challenge, the Bank has enhanced its capacity to compile and publish reliable and accurate International Investment Position (IIP) statistics with the support of the International Monetary Fund (IMF) through Technical Assistance (TA) missions. In this regard, BoZ Staff have worked closely with the IMF personnel in redesigning survey instruments and implementing new robust methods of capturing and synthesizing external sector data used in the compilation of the IIP.

The Analytical Framework for Analysing External Sector Performance

External sector data are coherently summarized and presented in two accounting frameworks – the Balance of Payments (BoP) and the International Investment Position (IIP). The BoP is a statement that summarizes economic transactions between residents and non-residents during a specific period. On the other hand, the companion framework, the IIP is a statement that shows at a point in time the value of financial assets of residents of an economy that are claims on non-residents or are gold bullion held as reserves and the liabilities of residents of an economy to non-residents.

Zambia's IIP and BOP statistics are compiled in accordance with the International Monetary Fund's (IMF) Balance of Payments and International Investment Position Manual, sixth edition (BPM6). In accordance with the BPM 6 manual, Zambia's foreign financial assets and liabilities are classified into five functional categories: direct investment, portfolio investment, other investment, reserve assets and financial derivatives. These categories cover position (stock) data of the following institutional sectors: The Central Bank; Deposit taking corporations except the Central Bank; the General Government; and Other sectors.

Further, each functional category has a set of financial instruments, these are equity and investment fund shares; debt instruments (including trade credits and advances, other accounts payable/receivable, currency and deposits, loans; insurance, pension and standardized guarantee schemes) and other financial assets and liabilities (including monetary gold and employee stock options). These instruments appear in some functional categories but not in others.

In terms of presentation, the IIP is structured to be concise, easy to understand and of analytical relevance. To achieve this, the IIP shows all the functional categories but in some instances, the data for some institutional sectors within these categories are aggregated. For example, in the other investments functional category, the IIP explicitly shows the stock of external loans of the General Government but aggregates the loans for the rest of the institutional sectors. The Government's external loans are shown because the stakeholders may need this information for the analysis of the Government's finances.

In addition to showing the financial asset and liability positions, the IIP states Zambia's net financial position with non-residents (See Table). The

net position could be positive or negative or zero (when the assets and liabilities are in equal quantities). A negative net IIP position would entail that Zambia's financial liabilities to non-residents exceeds the holding of foreign assets by residents and the converse is true. Importantly, it must be noted that the IIP does not give the economic motivations behind the financial positions. However, the IIP and the BOP statistics provide stakeholders with information that can be used to analyse Zambia's external sector performance, when used with other data.

The Table 1 (below) shows that Zambia's net IIP position in the second quarter of 2018 was negative US\$26,714.8 million compared to negative US\$27,228.7 million in the first quarter of the same year. The outturn was mostly due to an increase in the holdings of foreign financial assets by residents, reflecting higher holdings of reserve assets, currency and deposits; and direct investment assets. An abridged version of the IIP is presented below and the detailed IIP can be accessed from the BOZ website (www.boz.zm).

Table 1: Zambia's International Investment Position (US Millions)

	Q4 2017	Q1 2018	Q2 2018
Net IIP	-27,298.0	-27,228.7	-26,714.8
Assets	7,242.8	6,676.9	6,880.8
Liabilities	34,540.8	33,905.6	33,595.5

In general, a negative net IIP position does not necessarily imply an unfavorable performance of the external sector; instead, it may signal that non-residents are increasingly holding higher amounts of financial instruments issued by Zambia. There may be a variety of reasons for this outturn. For instance, higher direct investments inflows and higher holdings of Government Bonds and Treasury Bills could be due to higher confidence in the domestic economy making non-residents acquire more of Zambia's financial instruments. On the other hand, this would also mean that residents are increasingly resorting to external financing. Thus, any analytical work must determine the underlying economic motivations behind these positions.

Key Issues related to the International Investment Position Statutory Authority for Compilation of the IIP

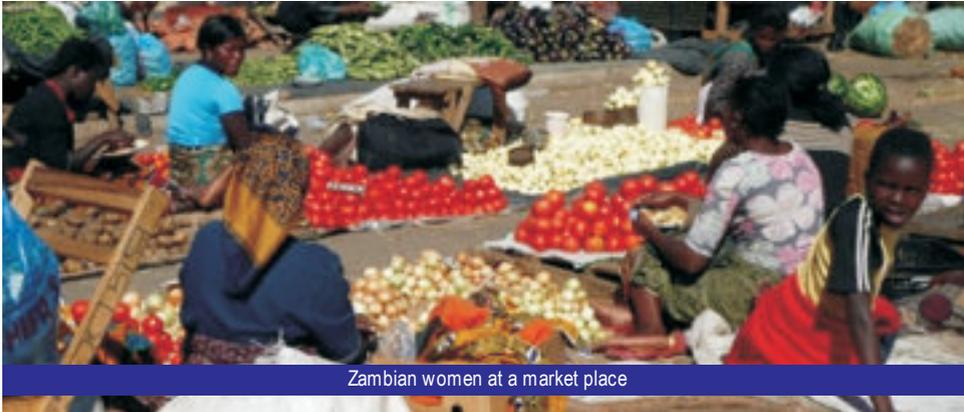
The compilation and publication of the IIP by BoZ is drawn from the provisions of the Bank of Zambia Act (1996) which provides for the monitoring of BoP transactions. The Act contains provisions on data provider's disclosure requirements and obligation of the Bank of Zambia employees to observe confidentiality concerning the data.

Residents and Non Residents

As stated in the BPM6 manual, Zambia's IIP statistics takes account of only those assets and liabilities of Zambian residents that represent claims or liabilities to non-residents are recorded. Residents of Zambia include households, corporations and Government, and or, those that have a center of economic interest in the economy. This includes those

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Motherhood and finance



Zambian women at a market place

By Zambanker Reporter

The United Nations Capital Development Fund (UNCDF) Mobile Money for the Poor Program says the financial lives of Zambian mothers are dynamic and multifaceted, requiring diverse types of financial services at different times in their lives. In its report titled “Labour pains and beyond: understanding the financial lives of low-income Zambian mothers” which was launched in Lusaka and graced by Deputy Governor-Administration Dr Tukiya Kankasa-Mabula, the UN says it is clear from the research that across income levels and geographies, similarities and differences among Zambian mothers’ financial needs exist.

The report further urges financial service providers to design products and services to meet women’s nuanced needs, challenges, barriers and opportunities during pregnancy, as young mothers, as more mature mothers and as older mothers.

“They must keep these factors in mind not only for the designed product’s overall goal and substance but also for its cost, ease-of-use, accessibility, marketing and communication with target groups, and support services,” says the report.

Dr Kankasa-Mabula said the Bank of Zambia pays particular attention to these research reports because it applies their findings in the development and implementation of policies and strategies; to deepen the analysis of financial sector data; and disseminate the reports to relevant stakeholders who can contribute to the implementation of the report recommendations.

“I therefore wish to commend UNCDF for producing this report, as it adds to the (growing) body of knowledge that seeks to understand the financial livelihoods and financial behaviours of women in Zambia. Some of the existing research on the financial behaviours of women in Zambia are: the 2014 study on Women’s Access to Financial Services in Zambia by Bank of Zambia, New Faces New Voices and Financial Sector Deepening Zambia; the 2015 Gender Analytics in the 2015 FinScope Zambia Survey; and the 2016 FinScope Focus on Women Small Holder Farmers – Managing the Financial Lives, by Financial Sector Deepening Zambia,” she said. She indicated that the UNCDF report was timely and could immediately be applied in the implementation of various initiatives the Bank

of Zambia is involved in to address financial inclusion of women. These initiatives are: the National Financial Inclusion Strategy for Zambia, 2017 to 2022; the National Financial Education Strategy; the Bank of Zambia 2016 to 2019 Strategic Plan objectives on financial inclusion and mainstreaming gender in the financial sector; the Bank of Zambia Gender Policy and Strategy; the implementation of ILO Female and Male Operated Small Enterprises (FAMOS) audits; the Bank of Zambia Credit Market Monitoring Report and the Bank’s sensitization campaigns in all parts of Zambia to highlight the importance of using formal financial services and Digital payments; a joint project between the Bank and UNCDF to develop and implement a Data Reporting and Analytics platform for policy making and informed business decisions by the service providers; international commitments to the Alliance for Financial Inclusion Maya Declaration framework for the 2016 Denarau Action Plan on Women’s Financial Inclusion and the 2018 Sochi Accord on Fintech for Financial Inclusion; a joint project between the Bank and Alliance for Financial Inclusion to establish a framework for the collection of supply side sex-disaggregated data; and capacity building for the Bank’s gender focal persons and FAMOS-trained staff in both the Bank and financial services providers.

The following paragraphs highlight some of the key research findings:

All mothers save but mostly at home.

Of those interviewed, 63% reported saving. Across all income levels, 20% were able to save between ZMW50 and ZMW200 (US\$4-US\$17) and 41% between ZMW220 and ZMW500

(US\$18- US\$42) each month. The average amount of monthly savings was ZMW150 (US\$13) for low-income mothers, ZMW424 (US\$35) for middle-income mothers and ZMW1,229 (US\$103) for high-income mothers. The most common usage for DFS, at 29% of all respondents, was mobile money for storing, saving and borrowing money; in comparison, 38% of respondents stored money at home. Of those that primarily store money at home, 69% were rural inhabitants.

Living expenses, emergencies and school fees rank as the top three savings motivators, indicating that savings products that help mothers reach these goals could serve an important pathway for introducing financial services. Zambian mothers’ aspirations to save, even small amounts for various expenses and emergencies, present an opportunity for DFS providers to help formally bank them by offering affordable, accessible and easy-to-use products that help them reach their goals.

Mothers are the original ‘gig economy workers’ and rely on multiple income streams to meet the financial needs of the family

Across all income levels, mothers indicated that they take on various part-time jobs in the formal or informal sector in order to meet household expenses and support their children. Of those interviewed in low-income households (urban and rural), 75% worked in the informal sector (agriculture, piecework or service industries) where they receive irregular income of which they spend the vast majority (95%) on food items, household basics, utilities and educational expenses.

Notably, 65% ran their own business, typically in an informal setting, as their primary income, while 27% of all respondents had an additional side business, with 30% netting ZMW500-ZMW1,000 (US\$42- US\$84) monthly and 74% earning ZMW1,500 (US\$125) or below each month. Of those who reported having a side business, 85% were either low- or middle-income earners.

Zambian mothers need DFS that address the challenges they face in accessing more-productive markets and dealing with seasonal inconsistencies, that allow flexibility in payments and that help them save and reduce risk. Mothers who work in agriculture have additional challenges and needs.

Women constitute 64% of the rural population in Zambia, and approximately 80% of the food produced in Zambia is by women.

Depending on which crop or crops they grow, female farmers may rely on one major planting season or grow year-round. Whatever they grow and sell, their production, sales and income vary. Products that could assist low-income female farmers include saving products for smoothening times of low production and sales, crop insurance, access to affordable input

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BoZ aids Freedom Fighters



Zambia United National Freedom Fighters Association Col Henry Miyoba receiving a donation from the Board Vice Chairperson Professor Hellicy Ng'ambi in the BoZ Board dining room

By Zambanker Reporter

Bank of Zambia has donated a laptop and a printer to the Zambia United National Freedom Fighters Association to help them meet their administrative objectives and assist in consolidating a master register of freedom fighters, which Government has requested them to submit.

Making the donation to the freedom fighters in the Bank of Zambia Board Dining Room recently, Board Vice Chairperson Professor Hellicy Ng'ambi said the Bank had always supported the vision of the Freedom Fighters Association which aimed at protecting values and foundations led by the freedom fighters in the struggle for Zambia's independence. The Vice Chairperson said the research and validation process to take stock of freedom fighters in Zambia that the Association had embarked on was a good initiative that the Bank had decided to support.

Professor Ng'ambi said the Bank was excited to cooperate with the Association in ensuring that the vision to protect the values and foundations led by the freedom fighters in the struggle for independence is achieved. She further commended the founders of the Association for pioneering its formation.

'Bank of Zambia is optimistic that the good work that you have started will continue to grow and positively impact the lives of freedom fighters in Zambia,' she added.

Receiving the donation, Association Vice Chairperson Col Henry Miyoba applauded the Bank for the gesture and said that the donated items will alleviate the budgetary challenges faced by the Association every time administrative work needed to be done.

Col Miyoba added that the Bank of Zambia had always provided great support to the freedom fighters through the leadership of the Governor and his team. He hoped that many other institutions would emulate the Bank of Zambia by embracing the role the freedom fighters played for Zambia to obtain its freedom.

Among the freedom fighters who attended the presentation ceremony are Mama Christina Mulundika - Association

National Secretary, Mama Betty Chilunga - National Treasurer, Mr Mukuka Nundwe - National Coordinator, Ms Elizabeth Chalikulima - National Publicity and Information Secretary, Mama Bessie Chanda - Chairperson Women and Mrs Esther Mulaisho - Senior Trustee. Others are Mr Abraham Kabwe - Senior Trustee, Mr Lewis Chibwe Senior Trustee and Mama Margaret Liso - Social Welfare Chairlady.

The Bank was represented by the Board Vice Chairperson, Director of the Board Mr Mwila Lumbwe, Board Committee member Mr Benjamin Ngenda, Deputy Governor - Operations Dr Bwalya Ng'andu, Deputy Governor - Administration Dr Tukiya Kankasa-Mabula, Director Board Services - Ms Namwandi Ndhlovu, Director - Procurement and Maintenance Services Mr Evans Luneta and Assistant Director Board Services - Ms Chanda Punabantu, among others.

St Mark's Secondary School receives computers

By Zambanker Reporter

The Bank of Zambia has donated 20 used computers to St Mark's Secondary School in Choma. The computers were donated by Director - Board Services Ms Namwandi Ndhlovu on behalf of the Bank through the Anglican Diocese of Lusaka.

Receiving the donation St Mark's Secondary School Headteacher Mr Herbert Mkuyamba thanked the Bank for the gesture. He said the school had given-up on ever getting help from the Bank as the request was made sometime back. He said the adage which says 'patience pays' had indeed worked for the school. Mr Mkuyamba said the school had a computer lab but the number of computers they had were not enough to cater for all the learners.

St Mark's Secondary School runs an Open and Distance Learning (ODL) section which provides senior secondary education to both girls and boys. The regular section of the school only provides secondary school education to boys from Grade 8 to 12. The learners at the regular sector are boarders while the ODL learners are day scholars and take their classes in the afternoon. Mr Mkuyamba said St Mark's has continued to record good pass rates at all levels and is still among the best schools in Southern Province.

Director - Board Services Ms Namwandi Ndhlovu informed the School Headteacher that although the request for donation was submitted to the Bank a long time ago, it was not thrown away but kept for consideration at a time when the institution was in a position to donate. She said the Bank only donates when computers are available. She thanked the school for the patience.

Reverend Father Kenneth Kasezya of the Anglican Diocese of Lusaka who was present during the donation thanked the Bank for helping the school with computers.



Director - Board Services Ms Namwandi Ndhlovu shaking hands with St Marks Secondary School Headteacher Mr Herbert Mkuyamba after receiving computers donated by the Bank

BoZ donates to Crossover Community School

By Zambanker Reporter

The Bank of Zambia has donated various learning material to Crossover Community School in Lilanda which included books,

chalk, pencils, pens, crayons and other teaching aids.

The school which has 186 learners use a
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BoZ staff with Crossover Community School pupils who received learning material donated by the Bank

Employees coopted into Charity



Cheshire Divine Providence Head of Home Sr Judith Bozek discussing with Acting Assistant Director – Communications Ms Besnat Mwanza while other Chawama Cheshire Homes Officials look on. This was when various items donated by staff were taken to the Home for the Aged

By Zambanker Reporter

The Bank of Zambia, has opened up opportunities for employees to individually get involved in its Community Involvement activities by donating used and unused personal effects such as books, beddings, clothes, furniture, kitchen utensils and toys to charity. Participation is voluntary and open to all employees.

The idea came from reflections and input generated during a Donations Committee Meeting where it was decided that staff involvement would extend the positive impact that the Bank has had on the vulnerable members of society.

As with donations made by the Bank, donations from staff members will be given to different deserving grass root organisations that meet the eligibility criteria.

Donations bins have since been placed at different points within the Bank for easy deposit of items.

The Bank also stands ready to assist with ferrying items that staff may want to donate to charity.

Following this invitation, over 200 kilogrammes of assorted items were received and donated to Cheshire Homes in Chawama.

The items will either be used directly

within the Home or they will be sold to raise money to be used to meet daily needs. Cheshire Homes takes care of the elderly, some of whom are bedridden, mentally unwell, blind and others who are genuinely unable to provide for their daily need.

The Bank has been giving to a diverse range of causes including: poverty alleviation, disaster relief, health and education among others.

BoZ donates to Crossover Community School

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church building for lessons. It has 95 boys and 91 girls with classes from pre-school to grade 7. The learners are orphans and vulnerable children from within and around Lilanda and the surrounding areas. Besides offering education to the vulnerable, the school also provides food and clothing to the children.

Manager Media and Publications Ms Besnat Mwanza in the company of Assistant Manager - Social Media Kateule Nakazwe made the donation to the school on behalf of

the Bank. Ms Mwanza counselled the pupils to concentrate on their studies for their own success in life. She said education was vital if one needed to have a promising, secure future and a stable life. 'Education is important for your personal, social and economic development of our nation,' she added. Receiving the donation, School Director Mrs Beauty Chibandika expressed gratitude to the Board, Management and staff of the Bank of Zambia for answering their call for help. Mrs Chibandika said the Bank had fulfilled one of the greatest commandments

of God which was that of taking care of the poor in the community. 'We are very thankful for what you have done for the school today, this donation will go a long way for the good of our children.'

This is a demonstration of the love the Bank has for the needy in our society,' she said. Mrs Chibandika urged the Bank to continue helping the less privileged in society.

A number of young pupils from the school said they would like to become Governor of the Bank of Zambia one day.

International Women's day:

Think equal. Build smart. Innovate for change



Staff who participated in the International Women's Day march past.

By Zambanker Reporter

The Bank of Zambia (BoZ) joined the rest of the world in commemorating this year's International Women's day celebrations that took place on 8th March 2019 under the theme, think equal, build smart and innovate for change.

BoZ staff joined various organisations and Government institutions at the annual International Women's day march past which took place at the showgrounds in Lusaka. President Edgar Lungu officiated at the event and urged women to challenge the status quo and enjoy their rights.

During his address, President Lungu acknowledged that there has been

progress made at policy and legislative levels. Gender inequalities and violation of women's and girls' rights had continued to be pervasive in communities and across all sectors. "Documents such as the National Gender Policy of 2014 and the Anti-Gender Based Violence Act number 1 of 2011 require further support to yield the required results," he said.



Eng. Trudy Morgan, the first African woman to receive a prestigious award from the Institute of Engineers, UK being interviewed by a journalist at a luncheon hosted in her honour by the Project Girls to Girls Zambia

The President said Government is likely to set up a Gender and Equity Commission that will address the many challenges facing women including gender inequalities.

He said women in Zambia are still facing a lot of social injustices such as lack of access to finance, fair justice and access to land among other issues. He emphasised the need for revolutionary thinking in tackling gender inequalities which have continued to overshadow the progress of women.

Speaking at the same event, Gender Minister, Elizabeth Phiri commended gender and women's activist groups for addressing various gender issues in the communities. She said Government will continue to support initiatives towards gender equality for social and economic development.

The BoZ Gender Policy reaffirms the Bank's commitment to gender equity and principles which underpin work area policies and practices as well as business conduct in general.

It is anchored on the Bank's commitment to the promotion and enhancement of gender equity and equality in the governance of the Bank and the financial sector so as to contribute to sustainable development.

The Gender policy was adopted to foster and enhance gender equality, strengthen capacity building on gender mainstreaming, coordination and partnerships among other things.

In addition, The Bank's Strategic Objective Number 4: To entrench gender mainstreaming within the Bank and financial sector aims to contribute to gender equality in Zambia. Under this objective, the Bank has committed to develop and implement a gender mainstreaming strategy for the Bank and a gender mainstreaming programme for financial service providers.

The concept of bringing gender issues into the mainstream of society was clearly established as a global strategy for promoting gender equality in the Platform for Action adopted at the United Nations Fourth World Conference on Women, held in Beijing (China) in 1995. It highlighted the necessity to ensure that gender equality is a primary goal in all areas of social and economic development.

Reflection on 2019 World Consumer Rights Day

By Moses Musantu

The 2019 World Consumer Rights Day was commemorated on 15 March, 2019 under the theme: “Trust Smart Product, Ensuring Financial Inclusion for a better Zambia.” The World Consumer Rights Day (WCRD) is commemorated every year in order to raise global awareness about consumer rights and needs. The commemoration also provides an opportunity to demand that the rights of all consumers are respected and protected, and to oppose market abuses and social injustices which undermine those rights. The Bank of Zambia joined the other sector regulators and companies in commemorating this day owing to its significance in raising awareness among financial consumers and service providers.

This year’s theme “Trust Smart Product, Ensuring Financial Inclusion for a better Zambia.” was critical and timely. A smart product can connect, share and interact with its user and other devices. The most popular consumer smart products are smartphones, games consoles, smart TVs and wearable health trackers. Smart products offer consumers the promise of convenience, efficiency and personalised services. Smartphones are one of the most popular smart devices because, in addition to texting and making calls, they can monitor users’ steps, location and even pulse. Further, they can act as a central hub connecting a user to other smart devices such as printers, speakers, home security systems or health trackers.

In building up awareness around consumer related issues before the WCRD commemorations, the National Organising Committee made up of stakeholders such as: the Bank of Zambia, Competition and Consumer Protection Commission, Ministry of Commerce, Trade and Industry; Zambia Compulsory Standards Agency; Zambia Information Communication and Technology Agency, Zambia Metrology Agency, Road Transport and Safety Agency; Consumer Unit and Trust Society; Zamtel; Securities and Exchange Commission; the Pensions and Insurance Authority and National Water and Sanitation Council conducted television and radio programmes on selected stations, exhibitions, radio jingles, school essay competitions for 33 secondary schools in Lusaka province and prepared newspaper articles. The commemorations were preceded by a march-past from Lusaka



Staff who participated in the 2019 World Consumer Rights Day activities.

Main Post Office to Freedom Statue which was flagged off by Mr Shadrack Mungalaba, Director – Cooperatives, Ministry of Commerce, Trade and Industry

The significance of smart products in enhancing consumer welfare cannot be over-emphasised. The Consumer International Organisation noted that consumers in developing countries where access to the internet via fixed-broadband within the home is limited, individuals are more likely to use smartphones to carry out essential tasks such as making payments, sending and receiving remittances, communications, accessing wages and loans etc. This means ensuring the affordability, safety and security of phones

that connect to the internet is especially important for the consumers who rely on them for essential services.

In the financial sector, the digital financial services space has significantly utilised the technology embedded in smartphones to facilitate financial transactions. In this regard, the Bank of Zambia (BoZ) appreciates the role of digital finance services in driving financial inclusion agenda in the urban and rural areas. The technology driven innovations provide opportunities for a better livelihood by uplifting the unbanked and under-served people through provision of a safe, cheap and convenient means of

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Mr. Zifa Joseph Mphande, sharing notes with the Guest of Honor, Mr. Shadrack Mungalaba

'Observe prudent financial management'



Mr Visscher Bbuku

By Zambanker Reporter

Director Regional Office, Mr Visscher Bbuku has said it is important for individuals to have good skills of personal finance management in order to make correct day-to-day decisions such as what to buy and what not to buy. Speaking during the 2018 Financial Literacy Week celebrations in Kitwe, Mr Bbuku explained that prudent financial management would help save lots of money in the long run, as unnecessary products would not be bought frequently.

The Regional Director added that the ability to make these decisions more responsibly would improve the wellbeing of the households given that it contributes to an increased savings rate in any country and therefore supports national development.

"We need to be aware that a country's economic growth and advancement can be achieved through the mobilisation of Domestic resources supported by external capital or investment.

With adequate domestic savings levels, organisations in need of capital will access reasonably priced finance from these local savings through financial intermediaries," he said.

The 2019 commemoration of the Financial Literacy Week themed: **'Be money smart to live a better life'** which is in tune with this year's Child and Youth Finance International (CYFI) Global Money Week theme 'Learn.Earn.Save.'

The Financial Literacy Week is a product of the CYFI Global Money Week. The CYFI Global Money Week, is a financial awareness campaign built to inspire children and young people to learn about money matters, livelihoods and entrepreneurship.

In Zambia, the financial literacy week is a public awareness campaign on financial literacy concepts that aim to assist all children, youths and adults make prudent financial decisions for the betterment of themselves and their households.

This year, Zambia is holding the seventh financial literacy week commemoration since it started observing the event in 2013.

During the years, several themes have been used to observe this event but the overall objective has remained much the same: to assist Zambian children, youths and adults to gain the knowledge, understanding, skills and confidence in order for them to arrive at prudent financial decisions.

"It is our expectation that this event will provide various opportunities in financial education and money matters.

I want to end by taking this opportunity to thank the Government, the Pensions and Insurance Authority, the Securities and Exchange Commission, financial services providers and other local and international stakeholders for the support they continue to render to the financial literacy week and other similar activities," he said.

Fraudulent schemes on the rise

From Page 3

competitors by being a provider of cost effective products and services across the board by leveraging on the digital platform. He said this was highly commendable, especially since the Bank of Zambia has for some time been concerned with the high cost of bank charges obtaining in the market. Consequently, the Central Bank recently announced the prohibition of certain charges which were considered unwarranted.

"However, the responsibility of ensuring that the financial sector continues to offer fairly priced products and services cannot lie entirely with the Bank of Zambia imposing restrictions on what banks can or cannot charge.

Ideally, we would prefer that banks and other financial service providers offer fair and reasonable prices for their products and services as a self-imposed good practice which should also be embedded in their business strategies. This is because fair pricing is in the long term good for

business; it helps customer retention in contrast to excessive pricing which discourages those who are outside the financial sector from entering it," he said.

He added that while financial sector self-regulation in the area of product pricing is preferred by the Bank of Zambia, where this fails the Central Bank will appropriately intervene to protect customers from what, for want of a better word, might be called price exploitation and also as a way of maintaining confidence and integrity of the financial sector.

He encouraged ZICB to embrace technology because it was now widely accepted that technology was paving a way for cost effective and easy accessibility to financial services. He explained that depending on how ZICB harnesses the digital platform as the preferred method for service delivery, this bank could reap a number of benefits which include gaining an upper hand in customer outreach by acquiring unbanked customers who cannot be reached using the conventional methods.

Motherhood and finance

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supplies in order to increase production yields, and affordable loans and credit products.

All mothers borrow but mostly from family members and friends

While higher- and middle-income Zambian mothers may have access to formal financial institutions, they said they prefer, just as poorer mothers do, borrowing from friends or family members (31% across all income levels) or using chilimba. Women reported that they trust chilimba and find the social aspect enjoyable and access easy.

The fact that chilimba is the preferred method for loans and savings across income levels highlights the importance that Zambian women place on peer groups, that their primary exposure to financial services is through social networks, and that these networks may be important pathways for DFS uptake.

Developing relevant products that help women save towards their specific goals and daily needs throughout their lifetimes and that are introduced through relevant social networks might convince Zambian mothers to use these services.

Mothers may be the key to unlocking education payments via DFS

While education is valued as a means for improving socioeconomic status in Zambia, it has been difficult for financial service providers to find a bridge between the demand for better, more efficient education payment systems and the ability of educational institutions to operate such payments systems effectively for the benefit of parents who use them.

Across all income levels and geographies, mothers valued education—both their own and that of their children—and saw it as a means to improve their family's welfare. Even when women had to halt their education, 31% stated that they aspire to either improve their education or ensure their children are educated.

The desire to learn and be educated could provide another pathway for financial service providers to help women become more financially literate and save towards education goals. This motivation, coupled with the time-poverty of mothers, make them potentially very good champions and providers-of-feedback for education-focused products.

Mothers are insurance 'naturals' but do not use insurance products

Zambian mothers, by necessity, have informal forms of insurance—largely through saving and lending—to deal with financial shocks when they occur (e.g health problems, death, bad crop seasons).

While the research found that, across income levels, most mothers had heard of insurance, the majority did not have any form of insurance. Though 44% of high-income mothers had used



Assistant Director – Payment Systems Ms Mirriam Kamuhuza, Assistant Director - Examinations and Surveillance Ms Lyness Mambo and Senior Inspector Ms Beatrice Kalale at a dissemination workshop on the state of the Zambian Digital Financial Services Industry Report

an insurance product, less than 5% of middle-income mothers, less than 6% of urban low-income mothers and less than 10% of rural low-income mothers had done so.

The most common insurance held by high-

income respondents was auto. Most insurance products in the country are 'cookie-cutter' type insurance products (e.g vehicle or life) that mothers may deem irrelevant to their actual needs.

Zambia's International Investment Position

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that engage and intend to engage in economic activities on a significant scale from some location that is dwelling, place of production or other premises within Zambia. This is irrespective of their nationality. Students and employees of embassies are exempt from the residence requirement.

Therefore, Zambian students and their families who reside abroad are considered residents and foreign embassy employees are considered non-residents. Non-residents mean all parties except residents.

Data Sources

The main source of the IIP data is the Private Capital Flows (PCF) surveys, conducted on a quarterly and annual basis by BoZ. Other sources are Bank of Zambia Monetary and Financial survey which includes external assets and liabilities data of the central bank, commercial banks and other financial corporations. Ministry of Finance for assets and liabilities of general government and multilateral datasets mainly the International Banking Statistics (IBS) produced by the Bank for International Settlements (BIS). The data sources provide monthly, quarterly and annual information.

Valuation and Recording of Assets and Liabilities in IIP

Valuation is based on market prices for all assets and liabilities as such positions are regularly revalued to actual market prices (Bonds and Shares). However, nominal

valuation is used for positions in non-negotiable instruments such as loans, deposits, other accounts payable/accounts receivable. Equity holdings in the direct investment category are entered as own funds at book value in the books of the direct investment enterprise.

Since IIP represent data as of a specific point in time, the recording of the financial items is based on the principle of accrual accounting. That is claims and liabilities arise when there is a change of ownership between residents and non-residents evidenced by transaction where financial assets have been created, exchanged, transferred or extinguished. In case of change of ownership, the change is considered to have accrued at the time, the parties recorded the transactions in their books or accounts.

Classification of IIP

Individual statistical items are grouped according to functional type of investment (direct investment, portfolio investment, financial derivatives, other investment and reserve assets for assets only) and are broken down into various financial instruments. These are equity and investment fund shares; debt instruments (including trade credits and advances, other accounts payable/receivable, currency and deposits, loans; insurance, pension and standardized guarantee schemes) and other financial assets and liabilities (including monetary gold and employee stock options). These instruments

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Digital Financial Services in Zambia

By **Mpooma Hichilema**
Introduction

Digital financial services can be defined as “the broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance. The digital financial services (DFS) concept includes mobile financial services (MFS). Using digital technology to access financial services is becoming an everyday occurrence for most of us, and is set to be a growing trend in how we spend, send and save money. People can now pay bills, transfer money and access their bank statements easily using their computer or mobile phone. In higher income countries, this gives greater choice and convenience. In developing countries on the other hand, the growth in digital financial services has given millions of consumers (who previously had little or no access to a bank account) access to financial services for the first time. But with technology developing so fast, it can be hard to keep up. There are concerns that consumer protection mechanisms within financial services are being outpaced by the development of mobile banking and associated technologies. Furthermore, DFS can expand the delivery of basic financial services to the poor through innovative technologies like mobile-phone-enabled solutions, electronic money models and digital payment platforms. This article provides highlights of the evolution of DFS in Zambia, particularly on mobile money.

Evolution of Mobile Money in Zambia

Mobile phones have transformed many consumer's lives in Zambia. They play an important role in the way people work or socialize. Recent statistics released by the Zambia Information and Communications Technology Authority (ZICTA) suggests that the country, with a population of 16 million, is home to 13.4 million subscribers, representing a penetration rate of 81.92 percent. Almost everyone has a cell phone and phone ownership keeps growing. Mobile phones are becoming more and more indispensable for the consumers and functioning more than for just communications. Using mobile money, you can withdraw and deposit cash, pay money to others, and keep money stored for later use simply by use of a cell phone.

Improvements in mobile money channels worldwide have created product options among financial institutions and merchants alike. Zambia has begun to reach financially excluded families as cell networks expand, providing mobile money services.

Such services are increasingly becoming a preferred method of sending or receiving money, especially in the rural communities where the traditional banking services may not be readily available. Mobile-phone money is a substitute both for paper-based money transactions. It enables people who cannot get to a bank branch or ATM to use financial services. The service basically allows non-banks to issue electronic money and an array of other financial services. The service requires minimal sign-up details, and takes advantage of the huge mobile-phone ownership in the country. Consumers can access and withdraw funds from a network of outlets by simply providing the vendor with a verification code. This secure code is sent on request to the user's mobile phone by the service provider. Once verified by the vendor, cash can then be handed over instantly. This simply means as long as a consumer has a cell phone, they can send or receive money.

The use of mobile money to send or receive money is quick and the transaction costs are relatively fair. The matter of convenience and ease of use is what therefore makes mobile money increasingly popular and give competition for other forms of sending and receiving money.

Why is this important?

Mobile money providers are expanding financial service options for the excluded and underserved. East Africa has provided good evidence of improved family incomes and economic expansion using mobile money, and Zambia is watching and learning from this.

- As a country with over 82% mobile phone ownership and a rapidly expanding system of cell phone towers, opportunities are ripe to increase financial inclusion in Zambia using mobile money.
- Regulations are in place for mobile money and its customers, and both regulators and policymakers are actively working to deepen the market and create new opportunities to shift from cash to DFS), especially mobile money.

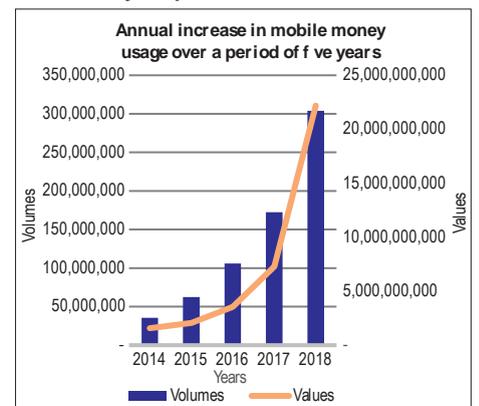


Mr Mpooma Hichilema

- Zambia's National Financial Inclusion Strategy (NFIS) 2017-2022 demonstrates government's active commitment to the growth of mobile money services, stressing accessibility of delivery channels, as well as diversity, innovation and customer-centricity of products.
- Regulator coordination will help improve appropriate guidance that covers all aspects of risk and protects consumers.

The chart below indicates the growth of mobile money usage over the five-year period.

Chart: Growth of Mobile Money in Zambia over a five-year period



The volumes and values of mobile money transactions have exponentially increased from 2014 to 2018 as illustrated in the chart above. The chart indicates that transaction values have grown from K1,574 million in 2014 to K22,192 million in 2018.

Consumer Protection

It is clear that many consumers, not only in Zambia but across Africa, are already using the service as an alternative to a bank

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accessing formal financial services.

However, the usage of digital financial services presents new operational, settlement, liquidity, credit, consumer, and Anti-Money Laundering/ Combating the Financing of Terrorism risks. For instance, usage of agents and agent networks introduce new risks of fraud and theft, lack of transparency (such as on pricing, terms, and recourse) and abusive treatment of customers (including overcharging), poor cash management by the agent, and failure to handle customer data confidentially. These risks have potential to contribute to low consumer trust and confidence in dealing with financial service providers if not mitigated.

Research has shown that high levels of financial exclusion seem to be associated with, among others, low levels of consumer confidence and trust, which are in turn related to low financial capability and consumer protection. The 2017 Zambia

Banking Industry Survey also revealed that commercial banks had reported lack of trust in the banking system as one of the challenges noted in achieving national financial inclusion targets. The 2015 Finscope Survey report showed that the majority of Zambian adults reported that trust is the most important criteria when choosing a lender (22.3 %) while low interest rates was the least for choosing a lender (3.5 %). The Finscope survey also revealed that trust besides concerns of ease and speed of access, quick access and proximity, was an important criterion for choosing a saving mechanism.

In order to respond to these potential risks and enhance the trust of consumers, the BoZ in exercise of its powers contained in Section 43 of the National Payment Systems Act, issued directives on Electronic Money Issuance on 26 June 2015 (been revised in April, 2018) in order to promote and maintain efficient and safe payment system in Zambia. Specifically, Part IV

(distributors, agents and outsourcing) and Part VI (Protection of customer transactions) of the directives contains some provisions on consumer protection and prohibition of anticompetitive trade practices such as exclusive arrangements between E-money institution and Agents that are aimed at promoting and safeguarding competition among competitors as well as protection of consumers of digital services

The BoZ in collaboration with the Rural Finance Expansion Programme (RuFEP) this year plan to conduct digital finance services and financial consumer protection sensitisations in twenty (20) rural based districts. The sensitisations will among other issues address the following responsibilities that consumers have when dealing with mobile money service providers such as but not limited to:

- (i) Do not give out your Mobile Money Account PIN or confidential personal details to anyone;
- (ii) Do not save your Mobile Money account PIN in your phonebook or anywhere on your phone;
- (iii) Protect your Mobile Money account PIN, change it regularly especially when you suspect it has been compromised;
- (iv) Read all network prompts on your Mobile Money account before you enter your PIN or authorise a transaction;
- (v) Report any suspicious prompts for Mobile Money transactions you have not requested for or initiated to your Mobile Money Service provider;
- (vi) Report any suspicious phone calls or messages requesting for your PIN or confidential information to your Mobile Money Service provider or Law enforcement; and
- (vii) Immediately contact your Mobile Network Service provider should you suddenly lose network to confirm your SIM card is still working and has not been compromised to secure you Mobile Money account from fraudsters.

The BoZ will also continue with its oversight responsibility of the digital finance service space to ensure adherence to the rules and regulations. Financial education programmes coupled with the oversight will contribute towards enhancing the trust of usage of smartphones to conduct financial transactions by the consumers especially in the rural areas which in turn will result in financial inclusion.

Moses Musantu is Senior Analyst- Consumer Protection and Market Conduct in the Non-Bank Financial Institutions Supervision Department



Digital Financial Services in Zambia

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account. The ease of use and convenience of access mean this is unsurprising. Despite its success there may still be areas that would warrant concerns with regard to consumer rights and protection.

Mobile money related regulatory authorities – the Bank of Zambia (BoZ), Zambia Information and Communications Technology Authority (ZICTA), Competition and Consumer Protection

Commission (CCPC) and Financial Intelligence Centre (FIC) are concerned about the welfare of customers and mobile money operators.

These regulators work together by agreement to make the market safe and secure. Zambia has already enacted several regulations that cover DFS, particularly mobile money such as the National Payment Systems Directives on Electronic Money Issuance, 2018.

Monitoring International Capital Flows



By Mulenga Musepa

Cross-border flows of capital have historically been important sources of finance for development. A good example is the Marshall Plan, a 1948 US economic assistance programme worth over US \$12 billion, which helped rebuild Western European economies after the end of World War II. Other well-known capital flows include the experiences of Asia during the early 1960s and late 1990s, where high growth rates were facilitated by strong capital inflows. However, financial flows can also have negative effects as was demonstrated during the Asian financial crisis where the speculative nature of short-term flows triggered a currency and financial crisis. Today, apart from measures to attract capital, countries are increasingly placing emphasis on effective and efficient management of the flows, in order to optimize the benefits and minimize adverse effects by managing and monitoring speculative behaviour. This requires good and cost effective monitoring systems.

What are International Capital Flows?

Generally, literature defines international capital flows as the financial side of international trade. For instance, when someone imports a good or service, the buyer (the importer) gives the seller (the exporter) a monetary payment, just as in domestic transactions. This net international financial inflow is called its capital account balance under the balance of payments' (BoP) non-reserve account. This account includes all international transactions such as money transfers (e.g. remittances), and purchases of real estate, stocks, government securities, farms, factories and so on. Capital flows move in the opposite direction to the trade in goods and services that give rise to them. When a resident sells an asset to someone abroad, the transaction enters his country as a credit capital inflow on the capital account. For that reason, net borrowing abroad (debt) by a resident or a purchase of domestic stocks by foreigners (equity finance) is considered as a capital inflow.

Drivers of International Capital Flows

Countries with favourable macroeconomic environments (higher returns, relatively low inflation, smaller fiscal deficits, appropriate foreign exchange policies, structural reforms, and political stability) tend to

attract international capital inflow. According to data from the Bank of Zambia Private Capital Flows (PCF) Survey, Zambia recorded net inflows of US \$43.7 million (mainly in debt securities) during 2017 largely due to attractive yield rates. However, during the 2008/9 **Global Financial and Economic Crisis**, Zambia recorded net outflows of US\$61.7 million and US\$13.1 million in debt securities and equity-based foreign portfolio investments, respectively in 2009. Further, a US\$94.8 million net debt securities outflow was recorded with only a US\$1.6 million net equity inflow in 2010 (BoZ PCF Reports, 2009 & 2010). Further, Bank of Zambia statistics show that overall holding of Government securities by foreign investors decreased by 30.6%. These developments were mainly on account of increased risk aversion and flight to safety, which characterized not only Zambia, but also most developing countries, during this period of a slow-down in the global economy.

Importance of International Capital Flows

International capital flows play an important role in supporting industrialization, economic growth and employment creation, through higher investment, transfer of advanced technology and improved skills. Flows can also foster

higher rates of growth of the capital stock and mitigate payment problems. For those investing, capital flows provide a return, in form of interest and dividend payouts. The rapid industrialisation and exceptionally high growth rates (in excess of 7 percent) among the Asian Tigers between the early 1960s and 1990s was partly credited to high short term capital inflows. Further, Latin American countries, which received strong capital flows during 1920s and 1978-81, posted higher average growth rates estimated at 4.1% and 4.8%, respectively. These rates were higher than those for advanced and Iberian countries. Consistently, growth in per capita incomes were strong. The inflows in the 1970s were largely bank credits, from private commercial banks. In the early, 1990s, the big inflow of foreign capital into Latin America took a variety of forms, including short-term bonds and investment in the stock markets assets. Overall, used productively, international capital can foster economic development.

Why Bother about International Capital Flows?

Capital flows provide important signals to policy makers in both the recipient and source countries. For instance, higher inflows may signal more favorable medium to long-term investment opportunities in the recipient countries. On the other hand, capital may also flow into a country for purely short-term speculative purposes, so-called "hot money". This could, for example, be in countries that have high nominal returns on domestic financial assets. It remains unclear, which of these two motives is dominant in most recipient countries. Regardless of the direction of the flows, the nature and quantity of flows is important for policy formulation and economic management. For instance, with strong capital inflows,

Excessive capital inflows: could affect the independence of monetary policy, increase money supply and in turn add to inflationary pressures. In surplus countries, it could lead to currency appreciation, which may hurt exports

Excessive capital outflows: could adversely affect a country's sovereign credit rating, lower investor confidence and result in currency depreciation - impair financial stability and lead to a currency and financial crisis. The Asian tigers (Thailand & Indonesia) and some Latin American countries are good examples

Some central banks may actively intervene in the market in order to manage the degree of real exchange rate appreciation.

Excessive capital inflows have costs as they

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Seamless Exit from the Financial Sector:

Mechanisms for ceasing to be a financial service provider



By Lungisani Zulu

We have in the recent past no doubt read about a company stopping to operate, and when that company is a financial service provider, we quickly ask how the interests of not only the creditors but also of the depositors have been taken care of. In this article, I set out to discuss some mechanisms under the financial laws for the orderly exit of a financial service provider from the financial sector.

By financial service provider, I mean a bank, financial institution and a financial business. We all know a bank but we may need some clarifications on financial institutions and financial businesses. The distinction between a financial institution and a financial business is that financial institution holds a licence which permits it to take deposits from the members of the public while a financial business offers financial services short of collecting deposits from members of the public.

The Banking and Financial Services Act No. 7 of 2017 provides two options for a financial service provider to exit the financial sector—voluntarily or by force.

A financial service provider be it a bank, financial institution or financial business can voluntarily exit from the sector with the approval of the regulator, the Bank of Zambia (BoZ). To do this, the financial service provider must take advantage of the provisions of the Corporate Insolvency Act, 2017 which allows members or creditors of solvent company to resolve to voluntarily cease operations and wind up.

Unlike any other ordinary company which can take advantage of the provisions of the Corporate Insolvency Act to voluntarily cease operations and wind up, a financial service provider needs to get written approval from BoZ before passing such a resolution.

To obtain the approval of BoZ, the financial service provider must provide specified information which includes an audited statement of solvency which must show that the company has more assets than liabilities.

Once BoZ is satisfied that the financial service provider is solvent and has sufficient liquid assets to repay its

depositors and other creditors in full and without delay, BoZ approves the passing of the resolution.

Thereafter, the financial service provider proceeds to surrender the financial service licence to BoZ and appoints a liquidator to repay in full all its depositors and creditors. Once the depositors and other creditors are fully paid, the remainder is distributed to the shareholders of the financial service provider.

BoZ reserves the right to take over the process of liquidating the financial service provider where the assets of the financial service provider are not sufficient to fully discharge all obligations or the completion is unduly delayed.

At the end of the distribution of the funds to all creditors, the liquidator files a return with the registrar of companies and ultimately the company is struck off the register of companies. That is how a financial service provider can voluntarily exit the financial sector.

Apart from the voluntary exit, a financial service provider can be seamlessly pushed out of the financial sector by BoZ.

The Banking and Financial Services Act does empower BoZ to order the compulsory winding up or dissolution of a financial service provider. There are numerous grounds upon which such a decision can be made and include the breach of financial laws by the financial service provider and where the financial service provider is insolvent.

In some instances, BoZ may precede the order of compulsory winding up by taking possession of the financial service provider. Possession is a process akin to an administration receivership whereby BoZ steps into the shoes of the board of the

financial service provider. In such a period of possession, BoZ has power to dissolve the board, discontinue operations, borrow money, suspend payment obligations, execute actions in the name of the financial provider and indeed take any necessary actions as are permitted under the banking law.

The possession of a financial service provider may result in a decision to wind up or restructure the financial service provider depending on whether, among other considerations, the financial service provider is solvent or insolvent.

Whether preceded by taking possession or not, BoZ's decision to wind up a financial service provider effectively means the financial service provider must exit the financial sector. Once the order is made, BoZ becomes the liquidator of the financial service provider with the mandate to liquidate the affairs and bring it to a closure. As liquidator, BoZ must prepare a customer statement showing the claims of each depositor and other creditor as shown in the records of the financial service provider. This statement must then be made available at each branch of the financial service provider for collecting by each such depositor and other creditor of the financial service provider and an advertisement also placed in the press informing all concerned about the availability for collection of the statement. Depositors and other creditors of the financial service provider have sixty days to file any claims with BoZ from the date of the statement being made available. BoZ may accept the filed claim or reject same if it appears doubtful.

Once the period for filing claims lapses, BoZ has 6 months within which to file a liquidation schedule into the High Court. The liquidation schedule details the steps BoZ proposes to take to liquidate the affairs of the financial service provider. Once filed into the High Court, any interested party may file objections to the liquidation schedule in the High Court within 21 days. The High Court may either order the modification of the schedule or set aside the objection.

BoZ then proceeds to covert the assets of the affairs of the financial service provider to cash and settle claims of the creditors in line with the steps set out in the liquidation schedule. The priority in which claims must be settled is set out in the law with expenses of the liquidation and depositors ranking highest and other claims against

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Securing Loved Ones through Wealth Transfer Plans

By Mambwe Chibale & Lungisani Zulu



Ms Mambwe Chibale

At some stage in life, one reaches a stage when a better life has been secured through savings, investments including taking insurance. At this stage, a person probably has relatively sufficient wealth to support and maintain living expenses for their life in retirement as well as support their family.



Mr Lungisani Zulu

However, whether one has reached such a stage or not, prudent financial planning does not come to an end. We all need to at some stage to plan how to orderly transfer wealth to our loved ones to secure their lives when we are gone.

Planning to transfer your wealth in a legal and tax efficient way is therefore an equally important undertaking.

Knowledge of the tax and law systems in a particular jurisdiction as well as wealth transfer tools is very important in wealth transfer planning.

This knowledge is even more important if one has family members and assets in different countries, children out of wedlock, married and jointly owned assets with spouses who have children in other countries and have family members who may not be responsible enough to handle their own share of wealth.

In this article, we share some useful pointers in wealth transfer planning. Ultimately, prudent wealth transfer plans secure the life of loved ones long after we are gone.

But first things first, what do we mean by wealth and wealth transfer planning?

What is Wealth

Wealth is all property a person owns or controls and may include financial assets (bank accounts, treasury bills, stocks and bonds), tangible assets (real estate, farmland, vehicles, artwork and intellectual property).

Wealth Transfer Planning

Wealth transfer planning is the process of preparing for the transfer of one's wealth either upon death or during a lifetime.

So what are the various types of wealth transfer planning tools.

Types of Wealth Transfer Planning Tools

(i) Will

The term that we may all be familiar with when it comes to wealth planning is a Will. A Will is a document that outlines the rights and obligations others will have over one's wealth after death. It is important to know that a Will may be challenged and can be subject to probate, a legal process to confirm the validity of the Will, which may attract sizeable court fees, the contents may become a matter of public record which may divulge sensitive financial information and cause embarrassment especially for wealthy families and cause delays in the transfer of assets to the intended beneficiaries.

To limit the possibility of legal challenges to wills, it is imperative that wills are drawn in accordance with the law. The Wills and Administration of the Testate Estates Act, Chapter 60 of the Laws of Zambia regulates matters pertaining to wills. Consulting legal advice in the drafting of a will therefore become handy in that regard.

(ii) Joint Ownership

Other transferring wealth after death, one can opt to transfer wealth to intended

beneficiaries through joint ownership of property or bank accounts. In a joint ownership, the whole of the property automatically devolves to the surviving co-owner. This is known as the right of survivorship, or *jus accrescendi* in latin.

Where a Will and joint ownership is used as a means of wealth transfer, one is able to decide how much to allocate to the intended beneficiary.

(iii) Leaving it to Law

In the event that a person dies without a valid Will (Intestate) or with a Will that does not dispose of all their property, the courts often decides on how wealth is disposed. The Intestate Succession Act, Chapter 59 of the Laws of Zambia regulates how property of a person who dies without leaving a will should be shared. Generally, section 5 of the Intestate Succession Act provides for distribution of the wealth for a person who dies intestate as follows:

- 20 percent to spouse if one and in proportion to the duration of their respective marriages if more than one spouse and if no spouse, to the children in proportion to child's age or education needs or both;
- 50 percent to children in proportion to child's age or education needs or both;
- 20 percent to parents and 10 percent to dependents.

These percentages are further reallocated to other categories when the persons to benefit under each category are not in existence.

Though technically a tool of wealth transfer, dying intestate provides the least control of how one's wealth should be transferred. Most squabbles about wealth and property sharing which ensue after someone's death emanate from leaving wealth transfer to the law upon one's demise. We would strongly discourage you from dying intestate.

(iv) Trusts

A Trust is a legal entity established to hold and manage assets in accordance with specific instructions for the benefit of the beneficiaries. A trust is set up by the grantor and managed by the trustee. The grantor drafts a trust deed which spells out the purpose of the trust, the name of the trustee as well as the nature of the trust. Since the trust holds and manages assets on behalf of beneficiaries, the trust is the legal owner while the beneficiary or beneficiaries are beneficial owners. There are two main types of trusts, revocable trust and irrevocable trust.

(a) Revocable Trust

In a revocable trust, the grantor retains the right to rescind the trust and the legal ownership of the trust. For this reason, the grantor is considered to be the owner of the trust assets for tax purposes and retains the responsibility

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can contribute to domestic financial imbalances that intensify the boom and bust cycles and impose much larger costs should capital inflows suddenly reverse. Most Latin American countries, which received strong capital flows during 1920s and 1978-81, were later followed by high outflows, resulting in economic and debt crises in 1930s and mid-1980s, respectively. Further, after strong high growth rates in most Asian countries driven by high and sustained capital inflows, a financial crisis set-in, in the region during 1997 and 1998. This was initially characterized by steep depreciations in the currencies of Thailand, Indonesian, South Korean and Malaysia. These economies recorded a fall in capital inflows of more than \$100 billion in the first year of the crisis. The crisis later spread to the Russian and Brazilian economies.

Short-term speculative outflows are of special interest as threats from them are more apparent and likely to be adverse. As alluded to, these may include pressure on the domestic currency, loss of confidence, negative impact on economic activities, output and jobs. In general empirical evidence suggests that long term capital flows such as Foreign Direct Investment (FDI) are supportive of economic growth, whilst there is much less evidence with respect to the positive impact of short term capital flows on economic growth.

The Need for Monitoring and Management of Capital Flows

With the ongoing globalisation, fluctuations in capital flows should be expected. Understanding the extent of risks associated with fluctuations is critical in order to support a country's economic development and financial stability. It is for this reason and others that most countries have in recent years, strengthened the monitoring and management of cross-border capital flows. This task is even more paramount in liberalised economies such as Zambia, where capital controls were removed in the early 1990s. Availability of reliable and timely statistics is a key ingredient in effective economic planning and management as well as appropriate policy formulation. These tenets are critical for a country's economic development.

In line with the foregoing and following the revocation of SI 55 of 2013 on 21st March 2014, the Government of the Republic of Zambia decided that the Bank of Zambia would continue monitoring the balance of payments as provided for under the Bank of Zambia (Amendment) Act No. 1 of 2013. The Act empowers the Bank of Zambia to put in place a BoP monitoring framework to

promote the efficiency of the foreign exchange system. Of importance, it was agreed that the monitoring would only commence upon the development of an electronic system. This followed wide consultations with relevant stakeholders. To this effect, the Bank of Zambia has completed the first phase of the system development. The second phase, which is currently underway, is for all the 18 commercial banks to develop applications that will interface with the BoZ e-BoP system

and allow transmission of monthly electronic reports on cross-border transactions (payments and remittances) to the Bank of Zambia. The key components of the reports will be (i) Purpose, (ii) Sector and (iii) country of transaction (source/destination). The e-BoP monitoring system is expected to Go-Live by March/April 2019.

The author is Assistant Director-External Capital Flows in the Economics Department

Seamless Exit from the Financial Sector

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the financial service providers the lowest. Once all creditors have been paid, any undistributed funds are to be paid to the shareholders of the financial service provider. Once the process of paying all creditors is completed, practically BoZ files a return with the High Court and the Registrar of companies and subsequently the financial service provider is struck off the register of companies. At that stage, *kwasi/a*, the company has exited the financial sector. This article has discussed the mechanisms under the financial laws for the orderly exit of a financial service provider from the financial sector. It has pointed out that there are principally two ways in which a company may exit the financial sector- voluntarily or by force. A financial service provider can exit the financial sector voluntarily by following the provisions of the Corporate Insolvency Act which permits members or creditors to

resolve to cease operations. This is only in the case where the financial service provider is solvent-it has enough assets to pay in full and quickly all its creditors. It can do so only if BoZ, the regulator, approves such a proposed voluntary winding up. Where the financial service provider is insolvent or otherwise breaching financial laws, BoZ has power to seamlessly push it out of the financial sector by resolving to order its compulsory winding up. Once such an order is made, BoZ becomes the liquidator of the financial service provider and takes necessary steps to turn its assets into cash and pay off its creditors. Thereafter, the company is struck the register of companies. Either of these two ways, voluntarily or by force, is designed in such a way that the exit of a company from the financial sector is seamless and does not result in serious disruptions of the economy.

Regulatory Approvals

NBFIS Granted Licence Approvals during the first Quarter of 2019

Name of Institution	Type of Institution	Date of Approval
Pamoo Bureau de Change Limited	Bureau de Change	29 January 2019

NBFISs Licenses cancelled during the first Quarter of 2019

Name of Institution	Type of Institution	Date of Licence Cancellation
V and M Bureau de Change Ltd;	Bureau de Change	25 January 2019
Runnymede Bureau de Change Ltd;	Bureau de Change	25 January 2019
Gobena Bureau de change Ltd;	Bureau de Change	25 January 2019
Nichwana Bureau de Change Ltd	Bureau de Change	25 January 2019
Roseco Bureau de Change Ltd	Bureau de Change.	25 January 2019



Senior Toll Collector for the Shimabala Toll Station Mr. Tammy Akashambatwa with Governor Dr Denny Kalyalya when he visited the Shimabala Toll Station



Ecobank Chairperson Ms Chileshe Kapwepwe with Deputy Governor - Operations Dr Bwalya Ng'andu at the Governor's Quarterly Meeting with Chairpersons of commercial banks



National Roads Fund Agency Chief Executive Office Eng. Wallace Mumba presenting a gift to Governor Dr Denny Kalyalya after undertaking a conducted tour of the Shimabala Toll Gate



BoZ Senior Management and staff with some Chairpersons of commercial banks who attended the Governor's Meeting hosted by Stanbic bank at Yamene Leadership Centre in Kabulonga



BoZ and National Roads Fund Agency officials at the Shimabala Toll Gate



Stanbic Bank Head of Public Relations and Women Banking Ms Chanda Katongo taking Governor and other Chairpersons' of Banks on a conducted tour of Yamene Training Centre in Kabulonga. This was when the bank hosted the Governor's meeting with Chairpersons' of banks



(l-r) Director - Economics Dr Francis Chipimo, Governor Dr Denny Kalyalya and Deputy Governor - Operations Dr Bwalya Ng'andu at a media briefing in the Auditorium



The Board and Management team with members of the Zambia National United Freedom Fighters Association (ZNUFFA) in the Board Dining room. This was when ZNUFFA members came to receive a donation of a laptop and a printer from the Bank

Photo Focus



The AFRITAC South - IMF Consultants Ms Carina Selander and Mr Tomas Lundberg with Director - Board Services Ms Namwandi Ndhlovu in one of the workshops sessions



Director Board Services Ms Namwandi Ndhlovu, Acting Assistant Director- Communications Ms Besnat Mwanza, St Marks Secondary School Head- teacher Mr Herbert Mkyumba and Assistant Manager Social Media Ms Kateule Nakazwe at the Anglican Cathedral of the Holy Cross after donating computers to the school.



Acting Media and Publications Manager Ms Silvia Siwale and Manager Strategic Communications Mr Nkatya Kabwe with the AFRITAC South Communications Consultant Mr Tomas Lundberg during a workshop aimed at strengthening capacity for communication



Section Office - Currency Processing Ms Priscilla Silwamba donating assorted items to Chondwe Correctional facility in Ndola. In commemorating this year's International Women's Day, Regional Office staff, both men and women visited and donated various items to Kafulafuta Secondary School and Chondwe Correctional (Prison) farm



AFRITAC South - IMF Consultants and Board Services staff who attended the workshop on Communications



Zambian women including BoZ staff who attended the Project Girls to Girls Zambia luncheon hosted in honour of Eng. Trudy Morgan, the first African woman to receive a prestigious award from the Institute of Engineers at the Confucius Centre at the University of Zambia



Bank of Zambia Regional Office Members of staff who visited and made donations of assorted items to Chondwe Correctional facility in Ndola in commemoration of this year's International Women's Day



Assistant Manager Research, Monitoring and Evaluation Mr Godwin Sichone with girls from an unnamed school during the launch of the Financial Literacy Week at the National Institute of Public Administration (NIPA)

Combating Money Laundering

Tracking Zambia's Progress in Combatting Money Laundering & Terrorist & Proliferation Financing: 2007 - 2018

By Jean Couvaras Kamanga & Calvin Habasonda

Background



Mrs Kamanga

Money laundering and financing of terrorism and proliferation of weapons of mass destruction have continued to attract considerable interest globally and remain topical and current among policy makers and regulators alike. These crucially globalised activities in contemporary financial society represent major obstacles in maintaining stable and effective domestic and international financial systems (Buchanan, 2004) and work to erode the public confidence in the global financial system. Recent estimates by the United Nations Office on Drugs suggest that money laundering constitutes between 2% to 5% of the size of global economy. A study by the Financial Action Task Force (FATF, 2006) states that money laundering reduces the annual rate of growth of the world economy by about



Mr Habasonda

by 2%. In view of these, and other pervasive adverse effects of the vices, countries are required to put in place robust legal and regulatory frameworks as well as institutional arrangements to combat these vices in their economies. The FATF recommendations provide the basis for assessing the adequacy of the measures put in place by countries to combat money laundering and financing of terrorism and proliferation.

Introduction

FATF is an inter-governmental body established in 1989. Its objectives are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF has become a global standard setter in the area of anti-money laundering, combating of financing of terrorism and proliferation of weapons of mass destruction. As a "policy-making body", FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. The FATF Recommendations are globally recognised as the international standard for a coordinated response to the threats to the integrity of the financial system and help ensure a level playing field. The recommendations were first issued in 1990 and were subsequently revised in 1996, 2001, 2003, and more recently in 2012. The revisions were aimed at ensuring that the recommendations remain up to date, relevant and are intended to be of universal application. The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In collaboration with other international stakeholders, the FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.

Mutual Evaluation of Countries

The FATF conducts mutual evaluations of its member countries' levels of implementation of the FATF Recommendations on an ongoing basis. Even though Zambia is not a member of FATF, it is a member of a FATF styled regional body, the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG), which in turn is an Associate Member of FATF.

Therefore, Zambia is subject to mutual evaluations which are peer reviews where members from different countries assess another country. The FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems sets out the evaluation process. The assessments focus on two areas, effectiveness and technical compliance. The emphasis of any assessment is on effectiveness. A country must demonstrate that, in the context of the risks it is exposed to, it has an effective framework

to protect the financial system from abuse. The assessment team look at 11 key areas, or immediate outcomes, to determine the level of effectiveness of a country's efforts. The assessment also looks at whether a country has met all the technical requirements of each of the 40 FATF Recommendations in its laws, regulations, institutions and other legal instruments to combat money laundering, and the financing of terrorism and proliferation. A mutual evaluation report provides an in-depth description and analysis of a country's system for preventing criminal abuse of the financial system as well as focused recommendations to the country to further strengthen its system.

Zambia's Mutual Evaluation

The assessors conducted an onsite visit to Zambia as part of the mutual evaluation process from 26 June to 5 July 2018. During the onsite visit, the assessors engaged with various competent authorities within the financial sector, law enforcement agencies, government ministries as well as professional bodies such as Zambia Institute of Chartered Accountants, Law Association of Zambia and Real Estates Agents Association. Others were Patents and Companies Registration Agency and the Registrar of Societies. A second face to face onsite visit was undertaken by the assessors in February 2019 to discuss some of the key issues regarding draft mutual evaluation reports for Zambia.

Overview of Effectiveness Assessment

Zambia was rated moderately effective in nine (9) out of the 11 immediate outcomes with two (2) outcomes rated as low effectiveness. Guide to interpretation of ratings is provided below in the table.

High level of effectiveness	The Immediate Outcome is achieved to a very large extent. Minor improvements needed.
Substantial level of effectiveness	The Immediate Outcome is achieved to a large extent. Moderate improvements needed.
Moderate level of effectiveness	The Immediate Outcome is achieved to some extent. Major improvements needed.
Low level of effectiveness	The Immediate Outcome is not achieved or achieved to a negligible extent. Fundamental improvements needed.

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IO.1 Risk, policy and coordination	IO.2 International cooperation	IO.3 Supervision	IO.4 Preventive measures	IO.5 Legal persons and arrangements	IO.6 Financial intelligence
Mbderate	Mbderate	Moderate	Mbderate	Low	Mbderate
IO.7 ML investigation & prosecution	IO.8 Confiscation	IO.9 TF investigation & prosecution	IO.10 TF preventive measures & financial sanctions	IO.11 PF financial sanctions	
Mbderate	Mbderate	Moderate	Mbderate	Low	

Overview of Technical Compliance Ratings

In terms of technical compliance, Zambia was rated compliant in nine (9) recommendations while it was assessed to be largely compliant in seventeen (17) recommendations. Another thirteen recommendations were rated partially compliant with one (1) recommendation on targeted sanctions on proliferation financing being rated non-compliant. Zambia's ratings compare well with many other countries globally. See explanation of ratings below:

Technical Compliance Ratings

Compliant	C	There are no shortcomings
Largely compliant	LC	There are only minor shortcomings
Partially compliant	PC	There are moderate shortcomings
Non-compliant	NC	There are major shortcomings
Not applicable	NA	A requirement does not apply, due to the structural, legal or institutional features of a country

Level of effectiveness on IO4; R9-23: Preventive Measures

The Mutual Evaluation of Zambia ascertained that generally, the Financial institutions demonstrated a good understanding of the threats and vulnerable sectors in which they operate and the AML/CFT obligations that apply to them including measures for Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), record-keeping and suspicious transactions reporting. On a comparative basis, it was found that the large domestic and foreign owned or controlled FIs demonstrated a more robust understanding of the ML/TF risks which they faced compared to the smaller to medium FIs.

On the contrary, the DNFBP sector (with the exception of large law firms and dealers in precious stones and metals) demonstrated little to no understanding of ML/TF risks and AML/CFT obligations that applied to them. This was attributed, inter alia, to lack of adequate supervision including monitoring for compliance with AML/CFT obligations.

The Report also noted that all reporting entities in Zambia collect basic CDD information when establishing business relationships and conducting once-off transactions. However, there were gaps observed in terms of information collected to determine ultimate beneficial owners related to Designated Non-Financial Businesses and Professions (DNFBPs) and smaller financial institutions.

Reporting entities had a reasonably good understanding of their obligation to file Suspicious Transaction Reports (STRs) on grounds of suspicion that funds are the proceeds of a criminal activity or are related to TF. Overall, with regard to preventive measures, major improvements were still required particularly with respect to DNFBPs.

Level of effectiveness on IO3; R.26-28, R. 34-35

In terms of supervision and regulation, the report acknowledged that Bank of Zambia (BoZ) and Securities Exchange Commission (SEC) had good market entry controls in place to prevent criminals and their associates from owning or controlling FIs. They also had good procedures and processes in respect of verification of sources of capital, fit and proper test, especially, for senior management and

verification of ultimate beneficial ownership information. However, the Pensions and Insurance Authority (PIA) requires improvements on its market entry requirements, especially, in relation to verification of ultimate beneficial ownership. In general, the supervisors for DNFBPs did not have powers and procedures to restrict market entry for AML/ CFT purposes. In terms of ML/TF risks, supervisory bodies for FIs and DNFBPs demonstrated a good understanding of the ML/TF risk in their sectors as well as at individual entity level. However, the supervisory authorities had not yet implemented a risk based approach to AML/CFT as required by the FATF standards. The Report strongly recommended the need for supervisory authorities to adopt a risk based approach in order to adequately focus resources as appropriately on activities that pose high ML/TF risks in reporting entities. It was noted that the current practice where AML/CFT supervision is integrated into prudential supervision did not promote enhanced and fuller understanding ML/TF risks within reporting entities.

The Mutual Evaluation Report also noted that the sanctions and remedial actions applied by supervisory authorities were effective, proportionate and dissuasive as required by the standards as it was evident that reporting entities, particularly banks were changing their compliance culture.

It was also noted that no remedial actions or sanctions had been imposed by DNFBP supervisors. With regard to training, the assessors noted that FIC and FI supervisors had provided a number of training and outreach programmes to reporting entities in order to improve the level of compliance. Despite assessors acknowledging the significant achievements by the Bank of Zambia, the overall rating for immediate outcome 3 was moderate on account of poor or lack of appropriate AML/CFT supervision in the other supervised sectors.

Key Issues from Mutual Evaluation

Zambia has become the 7th country to be assessed under the second round of mutual evaluation in addition to Botswana, Mauritius, Seychelles, Uganda and Madagascar, Zimbabwe. The country scored better when compared to the ratings assigned to the other countries so far assessed. Despite the reasonably good assessment that the country has achieved, there remain issues of concern regarding how the DNFBPs are being supervised and regulated for anti-money laundering and combating of financing of terrorism and proliferation.

One major concern from the mutual evaluation process was the absence of a dedicated team in the supervisory functions to undertake anti-money laundering for entities regulated by the Bank of Zambia.

This entailed that the examinations are largely driven, and more often than not, undertaken together with prudential examinations. In the circumstances, resources and focus maybe skewed towards prudential considerations rather than money laundering and terrorist and proliferation financing risks. In this regard, the Bank of Zambia is expected to implement a risk based approach framework and report progress to ESAAMLG under the enhanced follow up process within 6 months of the adoption of the report.

Conclusion

Although the country performed reasonably well, there were still notable deficiencies that were observed which need concerted efforts in order for the country to attain the desired level of effectiveness and compliance. In particular, supervision of the DNFBP sector remains a challenge for the country. For the Bank of Zambia in particular, the need to adopt a risk based framework was pointed out as a key area the Bank needs to address.

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The Most Trending Cryptocurrencies & Real-Time Crypto RTGS



By Kombe Kaponda- ICT Networks and Security Engineer

The previous article in the ZamBanker March 2018 edition on "Bitcoin the Digital Gold and its regulatory challenges" bordered on Bitcoin, what it is, the blockchain technology on which cryptocurrencies operate and the regulatory challenges. This article will focus on the different types of cryptocurrencies that are challenging Bitcoin and how they operate.

The first ever-successful cryptocurrency emerged from the invention of Bitcoin, by Satoshi Nakamoto. In the aftermath of the 2008 global financial crisis (GFC), and the catastrophic scale of regulatory failures, much attention was paid to the various financial system regulation currently in force across all economies in the world. In the late 2008, Bitcoin was mysteriously introduced to the world in an ambiguous, technical paper written under the pseudonym Satoshi Nakamoto. The reason why cryptocurrencies are on such high demand right now is because the Bitcoin protocol successfully found a way to build a decentralized digital cash system which solves the "double spending" problem. Double spending happens when one entity spends the same amount twice. For instance, when you purchase things online, you have to incur some expensive transaction fees. Usually, this is done by a central intermediary that keeps track of your balances.

Cryptocurrencies can be created by methods known as "open source", programming. This is a relatively easy process for anyone with computer programming background to create their own cryptocurrency. The world of cryptocurrency or digital assets have always revolved around Bitcoin until recently when

virtual currencies have served a very important purpose in the investment realm. People have now started flocking to cryptocurrencies to make their investments, an option to the traditional fiat currencies.

So, why do we have so many cryptocurrencies you might ask? Surprisingly, aside from Bitcoin, there are over 1,658 cryptocurrencies according to investing.com at the time of writing this article. However, we will only discuss the top 5 most traded and prominent currencies on the market. The total cryptocurrency market capitalization is just under \$369 billion as of this writing, which implies that the average cryptocurrency is worth about \$222 million. However, this statistic is extremely misleading and

In fact, the top 20 cryptocurrencies account for 89% of the total market and the other 1,638 cryptocurrencies are worth a combined \$39.6 billion. A more representative statistic is that the median cryptocurrency's market cap is just \$925,000, meaning that half are worth more and half are worth less

Most Traded Cryptocurrencies Bitcoin (BTC) or XBT)

The most commonly traded cryptocurrency is still Bitcoin. This is the first ever

cryptocurrency invented and remains by far the most sought after cryptocurrency to date. Bitcoin is known as the digital gold standard in the cryptocurrency and is the pioneer of Blockchain Technology that made digital money possible. It is the first of many decentralized cryptocurrencies that uses free open source software and any one of us can review the code unlike the core banking systems we have always trusted but have no idea what runs in the background because of bank secrecy Acts.

Over the years, the value of Bitcoin has fluctuated tremendously from zero to over \$2000 per bitcoin to date. Its transaction volumes has also reached 200,000 daily transactions. One major advantage that it has over other cryptocurrencies is that Bitcoins are impossible to counterfeit or inflate. The reason being there are only 21 million bitcoins created for mining, no more no less. Therefore it is predicted that by 2140, all bitcoins will already be mined. Thanks to its blockchain technology, users of bitcoin have ultimate control over their money and transactions without having to go through a third party such as the bank or Paypal. Bitcoin transactions are also impossible to be reversed. Therefore, one should only deal with trusted parties as Bitcoin is also used as a means for cyber-crime like dark net markets such as money laundering and financing of terrorism, Wars, Drugs, child trafficking activities or ransomware.

Ethereum (ETH)

The second most popular cryptocurrency is Ethereum. Ethereum was proposed by Vitalik Buterin, a Russian born January 1994, in the late 2013 and officially released on July 2015. This digital currency is predicted to surpass Bitcoin and may be the cryptocurrency for the future. Ethereum is currently worth \$103 since its launch and is equally very volatile. Just Bitcoin, Ethereum is a decentralized platform that makes use of the blockchain technology and runs smart contracts. The main difference between the Bitcoin and Ethereum is that Bitcoin blockchain focuses on tracking ownership of the digital currency while Ethereum blockchain focuses on running the programming code and has its own built-in currency called Ether. Ethereum transactions run faster than Bitcoin with transaction settling in seconds unlike the 10 minutes mining blocks of Bitcoin.

Instead of having to build an entirely original blockchain for each new application, Ethereum enables the development of different applications in a single platform. In the Ethereum block chain, miners work to earn Ether the crypto token that helps run the Network.

Ethereum tokens are mined at the rate of 5 Ether per block mined. It can also be used to build a Decentralized Autonomous Organization (DAO). A DAO is a fully autonomous organization without a leader. DAOs are run by programming codes on a collection of smart contracts written in the Ethereum blockchain. DAO is designed to replace the structure of a traditional



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organization and like Bitcoin, eliminating the need for people and a centralized control. The most obvious benefits of Ethereum is that a third party cannot make any changes to the data. The system is also tamper and corruption proof because Ethereum is built based on a network formed around a consensus as a result, making censorship impossible. The other benefit is that Ethereum is backed up by secure cryptography and therefore, the applications are well protected against any form of hacking.

Litecoin (LTC)

The Litecoin was first launched in October 2011, by Charlie Lee a google employee at the time who was born in Ivory Coast and later moved to the US at the age of 13. Litecoin aspired to be the 'silver' to Bitcoin's 'gold'. Litecoin was an early bitcoin spinoff or altcoin and is technically nearly identical to Bitcoin. After its launch, Litecoin also recorded the highest market cap of any other mined cryptocurrency after Bitcoin.

The main reason of Litecoin's creation was to make up what Bitcoin lacked. The main difference between Litecoin and Bitcoin is the 2.5 minute time to generate a block for Litecoin, as opposed to Bitcoin's 10 minutes. For miners and technical experts, the Litecoin possesses a very important difference to Bitcoin, and that is a more improved work algorithm which speeds up the hashing power and system altogether.

One of the other advantages that Litecoin possesses is it can handle a higher volume of transactions due to its algorithm. The faster block time also prevents double spending attacks. While Litecoin failed to secure and maintain its second place after Bitcoin, it is still actively mined and traded and is bought by investors as a backup in case Bitcoin fails.

Monero (XMR)

This digital currency was launched in April 2014 by Nicolas van Saberhagen which is a pseudonym name, and its main goal was to create an algorithm to add the privacy features that is missing in Bitcoin. It is focused on fungibility, privacy and decentralization. Monero invented a system known as the "ring signatures" using obfuscated public ledger to conceal the identity of its senders and recipients. The ring signatures combine a user's private account keys with public keys obtained from Monero's blockchain to create a ring of possible signers that would not allow outsiders to link a signature to a specific user. Despite the fact that Monero users have the ability to keep their transactions private, they are also able to share their information selectively. Every Monero account has a "view key", which allows anyone holding it to view the account's transactions. Initially, the ring

signature system concealed the senders and recipients involved in the Monero transactions without hiding the amount being transferred. However, an updated and improved version of the ring signature system known as "Ring CT" enabled the value of individual transactions as well as its recipients to be hidden.

In addition to ring signatures, Monero also improved its privacy settings by using "Stealth Addresses", which are randomly generated one time addresses. These addresses are created for each transaction on behalf of the recipients. With this feature, the recipients use a single address and transactions they receive go to separate, unique addresses. This way, Monero transactions cannot be linked to the published address of the recipients.

Anyone with a computer can mine Monero, as they do not require any specific hardware or specific integrated circuits like Bitcoin. Instead, Monero utilizes a Proof-of-Work (PoW) Algorithm that is designed to accept a wide range of computer processors, a feature

The Ripple technology has a dual function; as a digital currency as well as a digital payment network for financial transactions. Unlike the other cryptocurrencies we have discussed, Ripple operates on an open-source and a peer-to-peer decentralized platform which allows a transfer of money in any form, both fiat, and cryptocurrency.

which was included to ensure that mining was open to all parties.

Ripple (XRP) The Real-Time Crypto RTGS

The final cryptocurrency we will discuss is Ripple. Ripple is now being pitched as a bank-friendly payment system. Ripple is a real-time gross settlement system (RTGS) co-founded by Chris Larsen and Jed McCaleb and created by Ripple Labs Inc. in 2012, a US-based technology company. With the emerging tangle of cryptocurrencies, it was only a matter of time before someone tried to create an interoperable platform that could arrange exchanges of value between cryptocurrency systems.

The Ripple technology has a dual function; as a digital currency as well as a digital payment network for financial transactions. Unlike the other cryptocurrencies we have discussed, Ripple operates on an open-source and a peer-to-peer decentralized platform which allows a transfer of money in any form, both fiat, and cryptocurrency.

Ripple uses a middleman in the currency

transactions. The medium (the middleman) known as "Gateway" acts as a link in the network between two parties wanting to make a transaction. The Gateway functions as a credit intermediary that receives and sends currencies to public addresses over the Ripple network. This is why Ripple is less popular when compared to the other digital currencies. Ripple's digital coin, XRP acts as a bridge for other currencies which includes both fiat and cryptocurrencies. In Ripple's network, any currency can be exchanged between one another. If user X wants Bitcoins as the form of payment for his services from Y, then Y does not necessarily have to possess Bitcoins. Y can pay X to X's Gateway using US Dollars or any other currencies. X will then receive Bitcoins converted from the US Dollars from his Gateway.

The nature of Ripple's network and its systems exposes its users to certain risks. Even though you are able to exchange any currencies, the Ripple network does not run with a proof-of-work system like Bitcoin. Instead, transactions are heavily reliant on a consensus protocol in order to validate account balances and transactions on the system. It does improve some features of traditional banks. Namely, transactions are completed within seconds on a Ripple network even though the system handles millions of transactions frequently.

Unlike traditional banks, even a wire transfer may take up days or weeks to complete. The fee to conduct transactions on Ripple is also very minimal, as opposed to large fees charged by banks to complete cross-border payments. The design on the Ripple cryptocurrency is tipped to make it possible for a central Bank issued cryptocurrency.

The CEO of Dash Core Group, Ryan Taylor, told Cointelegraph in an interview in October 2018 that central bank-issued cryptocurrencies are the "inevitable future," but it will be people who "will decide what form of money they want to consume and use as part of their lives." Taylor also said that governments globally would start to regulate the crypto space very soon, and that "the smaller nations will move first as the risks for them are lower. In July 2018, however, an E.U. parliamentary study also found that central bank-issued digital currencies could be a "remedy" for the current lack of competition in the crypto space. The figure below shows the Cryptocurrency Market Capitalisation that we have discussed as at Jan 28, 2018.

Cryptocurrency Market Capitalisation as at Jan 28, 2018 (Source: barchart.com)

In conclusion, cryptocurrencies are a disruptive technology and will continue to impact on the finance world. They have been said to be able to capture the world of online finance and with the blockchain technology behind it, the future of cryptocurrency is showing a prosperous potential. Conversely, cryptocurrencies that are concerned over privacy are starting to gain more prominent favor amongst users. For these reasons,

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Knowledge of the Bank of Zambia Policies & Procedures - Your Business



Kapulwa Kaunda

By Kapulwa Kaunda – Compliance Specialist

Well written Policies and Procedures allow employees to clearly understand their roles and responsibilities with predefined limits. Organisational policies serve as important forms of internal control and therefore members of staff as well as external stakeholders are expected to understand and have sufficient knowledge of these important documents to be able to effectively execute the various tasks and be accountable.

In Bank of Zambia, one of the major tasks of the Compliance Function is to ensure that there is conformity and adherence to the set standards embedded in the relevant laws, rules, guidelines, policies and procedures. It is imperative that members of staff and other interested parties read, understand and adhere to these set standards in order to effectively drive the operations of the Bank forward.

It should therefore be understood that failure to conform to the set standards may adversely affect the operations of the Bank and result in negative consequences such as damaging the reputation or image of the Bank, among others.

However, the creation of an ethical culture is not the sole responsibility of the Compliance Function as this process requires concerted effort.

The Compliance Function cannot create a sound knowledge base without the full involvement of all the members of staff. The

function can only invite members of staff to create that knowledgeable culture through managers and supervisors who are a critical step in making this a success.

The close relationship managers have with other members of staff makes them the real culture communicators in any organisation and Bank of Zambia is no exception to this best practice. Moreover, managers play a significant role in many key systems of oversight. If the policies and procedures are not properly followed, the blame would be put on managers because essentially they are the first line of defense against any form of misconduct. While the focus is frequently on the tone at the top, the mood in the middle is just as important.

If only the Executive takes up the compliance cause without full support from middle management, they will lack the resourcing and sustenance to reward progress or deter non-adherence.

An essential element of every Compliance Function is to provide end-to-end guidance and advisory services on the application of the relevant laws and regulations. It is in view of this important role that the Strategy and Risk Management Department has embarked on an extensive exercise to develop a Compliance Universe that will speak to every policy, procedure, standard or piece of legislation on which the Bank's mandate anchor on. This will be a reference document and every department will be engaged throughout this process in order to critically look at the

various provisions in as far as conformity is concerned. This process will help every member of staff to appreciate the compliance risk profile of the Bank. The exercise is now in its second phase and it is envisaged that all the departments in collaboration with the compliance function shall critically analyse the control environment with regard to laws, policies/procedures, rules and regulations that are relevant to the operations of the Bank. This process will be followed by a risk assessment to be conducted by all departments and which will subsequently culminate into a bank wide position on the overall levels of compliance.

As a Bank, the central repository of most of our policies is our intranet and so members of staff are encouraged to read and expand their knowledge base on most of the policies that are listed.

In this regard, everyone should be able to know how a policy is applied, to whom it's particularly applicable, who "owns" the policy, its last revision date, and to whom employees should go for guidance or help in interpreting or following the policy.

TAKEAWAYS FROM THIS ARTICLE:

These include the following;

- Sound knowledge of all the policies and procedures makes organisations run more efficiently;
- Always take keen interest in learning and understanding the Bank of Zambia policies and procedures through reading and participation;
- Middle management teams have close relationships with all members of staff and possess significant oversight roles that make them key culture communicators;
- Doing compliance is doing business and it's your business!

CONCLUSION

In summary, it is worth noting that the best way to appreciate any industry or sector is to know the applicable laws, policies, procedures and regulations.

Every member of staff can add value and play an important role in assisting the Compliance Function to successfully partner with the business, help everyone to understand the various policies and procedures and do the right thing, protect the Bank of Zambia's reputation, and ensure sustainable growth of our credible institution.

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Governments and central banks alike throughout the world should be the loudest to educate and warn its citizens on consumer risks as interim consumer protection measures on cryptocurrencies.

There is still lack of legal protection on most

jurisdictions and the recourse for consumers should be clear. The immediate responsibilities for regulators is to clearly outline imminent risks of irreversible transactions and the fluctuating values of the all cryptocurrencies platforms for all the consumers to fully comprehend.

Cryptocurrency Market Capitalizations

Asset	Symbol	Last	%Chg	Volume	Market Cap	Supply
Bitcoin	BTC	7,427.87	-1.88%	\$2,248,707,980	\$519,642,178	11,901,365
Ethereum	ETH	219.065	-7.67%	\$182,628,778	\$171,923,826,871	41,761,840,868
Bitcoin Cash	BCH	156.4882	-8.33%	\$1,209,817,571	\$12,892,882,130	784,601,205
XRP	XRP	3.233278	-6.87%	\$555,718,895	\$2,872,727,412	896,343,178
Litecoin	LTC	30.0068	-5.35%	\$468,315,217	\$1,857,330,959	60,210,150

Celebrating women

8th March is an International Women's Day which is a global day celebrating the social, economic, cultural and political achievements of women. The day also calls to action for accelerating gender parity. Many organisations declare an annual International Women's Day theme that support a specific agenda.

In commemorating the 2019 International Women's Day, the Zambank has carried profiles of two female employees who have served the Bank in various senior positions and have mentored several young women.



Dr Tukiya Kankasa-Mabula

... Biography and facts

My name is Tukiya Kankasa-Mabula. I am the third child out of ten, three boys and seven girls. I am a wife, mother and grandmother. I am the Deputy Governor for Administration at the Bank of Zambia. I am a lawyer by profession, with a Bachelors' Degree from the University of Zambia, a Master's from Harvard and a PHD from the University of London.

I began my career as an academic and taught law at the University of Zambia. I also served as Assistant Dean.

I then briefly joined the Securities and Exchange Commission as Director of Licensing and Enforcement before moving to the Bank of Zambia as Bank Secretary (General Counsel, Secretary to the Board and Director in charge of communications) before my appointment to my current role of Deputy Governor.

What makes me the leader that I am?

I believe in myself.

Self-confidence is a critical factor for any female leader. When you believe in yourself and your abilities, you are unstoppable. I put myself forward.

I am at the table. I make sure my voice is heard. It is about being bold and assertive. You cannot afford to carry the baggage from the cultural realm. For example, I sometimes find myself as the only woman in the room. I do not allow myself to be intimidated by that fact. The issue is what am I bringing to the table.

Integrity

I pride myself on my integrity. I believe this is a quality that every female leader should possess. People respect a person of integrity. There is no shortage of people trying to pull down leaders. It is important to have an impeccable record.

False allegations, may be there but if you establish yourself as a person of integrity, it will be other people

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Deputy Governor Administration Dr Tukiya Kankasa-Mabula



Deputy Governor Administration Dr Tukiya Kankasa-Mabula with Governor of the Central Bank of Lesotho Dr Rets'elisitsoe Matlanyane

Celebrating women

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coming to your defence. (The story of change in the pension fund)

Hardwork

It is said women need to work twice as hard as men to make an impression. I can attest to that. People are willing to give greater allowances to men than to women. I do not shy away from hard work.

I constantly strive for excellence. One thing I still need to learn though is that perfection can sometimes be the enemy of good.

Strategic thinking

I believe strategic plans should not only be for corporations. I make a strategic plan for myself. That way, I always have a direction and know where I am going.

Communication

Communication is a vital skill for a leader. Being a good communicator increases impact. One thing I did not study formally

that I would do if given the chance, is to train in formal public speaking. I would encourage you all to seek this training if an opportunity presents itself.

Life long learning/ capacity building

When you stop learning you become irrelevant. I believe in lifelong learning to keep current.

As a leader you need to be knowledgeable in your area. Some things I teach myself, others need more formal learning. It is important to seek opportunities for self-improvement.

Passion

I am passionate about my work. I am not content to just exist. I have a purpose. I want what I do to make a difference in the lives of others. (Championing financial inclusion)

Mentorship

I was inspired and mentored by the greatest woman I know, my mother. And also by one Prisca Molotsi, whose mission was to

prepare the next generation. Another person that inspired and encouraged me was the former Governor Dr Jacob Mwanza. I take it as my responsibility to mentor and coach others even in the absence of a formal mentoring arrangement. I build confidence and capacity in my subordinates. I strive to be an enabling leader.

Networks

Networks are very useful to get your work done, for information, for winding down. The cliché that your network is your net worth is very true. I have managed to achieve quite a lot from collaborative work. This has been through the building of partnerships and networks. (ILO, Gracia Marcel Trust, GBA, Future Women X)

Spirituality

Spirituality is a very important part of my leadership journey. I live by the values of my Christian faith. I am proud to call myself a

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Dr Tukiya Kankasa-Mabula with former Director – Banking Currency and payment Systems Ms Edna Mudenda



Dr Tukiya Kankasa-Mabula with Governor and Head of Marketing and Corporate Communications at Atlas Mara Mr Thengo Eric Ngondo

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Christian. My ethos is captured in the following prayer:

Father almighty, I offer myself to you, as a living sacrifice, in Jesus Christ our Lord. Send me out into the world, in the power of the Holy Spirit, to live and work to your praise and glory.

Challenges

There have been challenges too:

Work/ life balance

In my earlier years, I struggled to find a work/life balance. It is very easy to be a workaholic. I realised that I had to make a conscious decision to have a life and laid down some rules to help me achieve this. (The defining moment was when my youngest child clambered into my suitcase and declared she was coming with me at a time when I was doing a lot of traveling. (Musonda's story)

Haters

It is well documented that a lot of people love to hate female leaders. I have had my fair share of this phenomenon. I believe it is rooted in those with the belief that leadership is not a woman's place. I have learned that one just has to develop a thick skin.

Especially when dealing with issues that affect individuals, I just make sure my conscious is clear by ensuring that all my decisions are fair and just and not motivated by any ulterior motives. The ability to make difficult decisions ultimately wins you respect.

Women who do not support other women

I have also encountered my fair share of women who do not support other women. I wanted to think this was just a stereotype but unfortunately the PHD syndrome does exist. My approach is to try and sensitise women to the fact that when women fight other women, it is the men that win. I also try and make them appreciate just what a great force for good women working together would create. At the Bank, I have introduced a women's leadership training programme which is cultivating sisterhood.

What have I learned that you can carry forward?

Education

A sound education is very important. I am aware of the fact that possessing a degree from Harvard gives me a lot of credibility. If you are going to seek academic credentials, make sure they are from credible institutions.

People may judge you even by your choice of institution. However, education does not have to be academic. Just make sure you educate yourself on your area and have some measure of expertise.

Cultivation of allies

I have seen the topic of male champions on the programme. This is very important. One needs allies, both male and female, to succeed. It is important to inspire them with your authenticity.

Partnerships

As a leader, you can extend your influence

through partnerships. I have managed to achieve quite a lot through partnerships especially for the programme of gender mainstreaming in the Bank and in the financial sector and the financial inclusion of women.

Institutionalize whatever you can

Seize every opportunity that you can to institutionalise what you consider important. That way you do not always have to be fighting at every turn.

My example is getting women's financial inclusion specifically included in the national financial inclusion strategy and getting gender mainstreaming in the Bank of Zambia and in the financial sector into the Bank of Zambia strategic plan 2016-2019. That way, these issues are able to be funded and to exist beyond your individual leadership.

Be part of a network

Consciously seek to be part of a network. It is a multiplier.



Dr Tukiya Kankasa-Mabula shaking hands with Presidential Spokesperson Mr Amos Chanda while with Governor Dr Denny Kalyalya looks on



Dr Tukiya Kankasa-Mabula with former Labour Minister Mr Fackson Shamenda and former Head of Communications Ms Penelope Mapoma

Marjory Mumba

Who is Marjory?

I asked some colleagues internally and externally to describe who they thought I was and this is the feedback I received: hardworking, passionate and dedicated mentor, very prayerful, focused, disciplined, cool, calm & collected; genuine person, faithful friend, good leader, an inspiration, innovative, big hearted, empathetic and a mother to all.

Where did you grow up? Did you move around a lot? If yes, how did this affect you? If no, how did the stability of living in one place all your life affect you?

I was born in Ndola. I am the first born in a family of six, five girls and one boy. Among my siblings is a set of twins, who are fourth. I was married to Danie Sisywa and have one son, Chapukwa Sisywa.

I started my primary education at Ndola Primary school. During that period, my father, the late Mr Lywell Holland Mumba, was appointed the first Governor of Ndola. We later moved to Lusaka and I continued my primary education at Northmead Primary School. Due to my father's movements and appointments all over the country, he decided that I move to live with my aunty and uncle (dad's sister's family), Mr and Mrs Martin Luo. Thereafter, I rejoined my family when they moved back to Lusaka and continued my secondary school education at Roma Girls Secondary School.

What qualifications do you have?

Upon completion of my secondary education, I was accepted to pursue further studies at the University of Zambia, where I studied Economics and Administration as my first degree. Later I continued my education at Liverpool John Moores University and obtained a

postgraduate diploma in International Banking, Economics and Finance. I later pursued an MBA with Eastern and Southern African Management Institute and Maastricht. Besides these qualifications, I am also a certified Organisational Development (OD) Specialist; a certified Mediator and Arbitrator, a certified ILO-FAMOS Check trainer and a certified Franklin Covey 7 Habits Trainer.

What other qualifications are you pursuing? Do you have any special training that has prepared you for your career and retirement?

I am currently pursuing a doctorate and working on my thesis after having successfully completed the coursework. It is my utmost desire to complete my thesis by the end of 2019. In preparation for retirement, my hope is that I will continue working with Women's financial inclusion (Women's savings groups). This has always been my passion, women's empowerment. This is the reason that I

personally took up the mantle of forming Ladies Savings Group after atte

nding a conference that the Bank of Zambia had organized at which the Village Banking concept was shared by Plan international. I currently mentor over 30 Ladies Savings groups in my free time and offer help in ensuring that women become economically empowered.

When did you join the Bank? Where have you worked before this job?

Before joining the Bank of Zambia, I worked for a year as a Management Trainee at Barclays bank and later joined the Bank of Zambia, in 1987.

What has been your career path within the Bank?

I joined the Bank in the Project Implementation Unit, whose task was to monitor foreign funded projects, including the World Bank. A few years later, our Unit was merged with Research Department, and the name was changed to Economics Department. After the Bank went through a fine-tuning exercise, the Economics Department opened up a unit at Regional Office and I was transferred there in the position of Senior Economist. Later I was moved to Human Resources at Regional Office as Manager and was transferred at lateral level back to Head Office in 2013. My current position is that of Assistant Director Change Management & Innovation in Strategy & Risk Management Department.

What new approach are you bringing to your job?

My dream has always been to leave the Bank a better place than I found it. Therefore, I have been passionate about living the BoZ Way values and the 7 Habits, which have helped me at both personal level and the way I execute my duty. Living the values and 7 Habits have helped me transform some of the old bad habits I had and have helped me into becoming a better person. For example, I made a commitment to myself during the 7 Habits training that I would be attending church on a daily basis at 06:30 hours. I have accomplished this and in so doing I get to the office at 07:15 hours. This has led to improve my reporting time and the execution of my duties, including, the way I relate with other team members.

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Ms Marjory Mumba



Ms Mumba with her mother at the Anglican Cathedral of the Holy Cross



With her son Chapukwa Sisya

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What attracted you to your current job?

I really love what I do. My current position is Assistant Director – Change Management & Innovation. When I was at Regional Office and moved from Economics to Human Resources, I was able to learn aspects of human resource management. I believe this move helped me develop into the person that I am today. I learnt how to be empathetic, to be a good listener and help individuals become better employees. This position actually helped me fit into my current position, as I am able to facilitate and coordinate programs that assist not only individuals into becoming better employees but also work with others into making the Bank of Zambia the best place to work. I have also been intrigued by the way some individuals have handled the concept of gender in the Bank of Zambia. But through a lot of interaction, sensitisation and capacity building, I have begun to see a number of employees begin to appreciate gender as one of the means to attaining economic development.

How do you break it down and handle everything?

As one of the characteristics given earlier describing who I am, my Personal Mission statement is to remain Cool; Calm and Collected(My 3 C's) in every situation. I got to this stage through mentorship in the different stages of my career path. However, I strongly believe that my Christian faith and constant prayer has helped me a lot. My day starts with attending mass at 06:30hrs in the morning every day, thereafter begin work by 07:15 hours and I end the day with exercises, either at the Bank of Zambia aerobics or at the gym and on other days go to church for choir practice. By the way, singing in the choir has always been a passion since I was young.

I have always been in a choir since I was at secondary school to date. When I arrive at the office, I am able to carry out my planned work (I always use the Bank of Zambia diary to plan my days work and execute accordingly).

What is most rewarding about your job; what makes it all worthwhile?

My interaction with a number of people in my line of duty and seeing people transform, is one of my biggest reward. I have mentored and continue to mentor fellow employees and I am one person who does not shy away from speaking my mind. However, seeing members of staff transform and embrace their jobs through various interventions from my department, always uplifts me.

What are the most critical problems faced by people in your field? How do you think these problems should be handled?

I have noted with dismay how some people never want to embrace change even when they know that it will improve their situation or that of the institution. The aspect of change management is not an easy one both at personal or institutional level. So having been trained as an Organisational Development Specialist, I have learnt the art of being patient. Change initiatives have to be embraced by everyone for any transformation to take place. Such challenges can only be dealt with when everyone works towards a common goal.

What's the hardest thing for you about being a leader? How do you address that?

I have learnt through the years of leading various groups of people that it is important to listen to everyone. It took me time to learn this art but through various leadership courses, I have finally been able to do this. For example, in most groups, individuals will come to me to share a problem or seek advice. This has and continues to humble me. Learning the art of listening to everyone, no matter what their standing in society is, has taught me the need to appreciate every individual's contribution. I have learnt to value every individual and appreciate the impact that they have on me.

How do you keep a healthy work/ life balance?

I am a person who believes in doing the right thing at the right time. In the past, I was one person who would never say no to anyone who asked me to take on more work or be part of a committee. When I saw this becoming a problem I actually purchased a book entitled.

'The art of saying No.' I noted that I was

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Ms Mumba with Minister of Higher Education Professor Ng'andu Luo

Marjory Mumba



Ms Mumba after hosting a church function at her home. She is a member of St Anna Lay Organisation at St Ignatius Catholic Church



Speaking at a Human Resource function in Ndola

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spending too much time working and neglecting other areas of my life. This was not healthy and the book helped me strike the balance and has actually helped me know when I should say 'no'. Living the 7 Habits has also helped develop habits that have helped me grow at both personal and public levels.

Are there any issues you feel passionately about?

Yes. I am a big believer in women empowerment. I strongly believe that a woman who is financially empowered and educated can make a positive impact on the family and community that she lives in. I have seen and experienced this in my life. Hence, my serious involvement in the formation of women's savings groups both within and outside the country. This is the reason why I mentor Women's savings groups in my free time.

Are you involved in any community organisations (charities, church, etc.)?

Yes I am. I love to impact on communities

and this is the reason why I was once a member of the Rotary Club of Kusinta. As a member of the club, I helped build a clinic in the Chongwe area. But due to the mentorship of Women's savings group, I have had to shelf my membership to the rotary club, for now.

I also sing in the choir at my church, and have since lost count of the number of times I have been Chairperson. Even the time I was working at Regional office, I was a member of the choir at church and the Bank.

What are your hobbies?

I am a very active person, so I love to take part in Aerobics, swimming, and jogging. I am also an ardent reader, so I have a huge collection of books, from spiritual, autobiographies, Leadership, business and fictional.

I am currently reading 'Becoming' by Michelle Obama. I also love to watch movies and enjoy those that will uplift me, e.g. War room, the Passion of Christ, including comedies like 'it's a mad, mad world (old time classic), Keeping up appearances and Mind your language.

Where have you traveled?

I must say that I have travelled to a number of countries because of my work. However, I am also one person who believes in unwinding by going on holiday. I have travelled to both local and international destinations.

My most memorable trip was when I travelled to Rome on Bank business and of course, being an ardent catholic, decided to visit the Basilica after completing the conference. To my surprise, when I got there, that was the day that they were allowing people to visit the late Pope John Paul II's grave and I was second on the line! After coming out I found a long queue had formed and so I would not have been able to visit if I had come any later than I did.

Who was/ has been your favorite model and why?

My mum has been my favourite model. When we were growing up, she was always complementing dad's income with her tailoring business.

I always remember back then how different women would come and ask mum to make them outfits and she was very good. To date mum, though advanced in years, will look at an outfit and tell you whether it is properly stitched. She has an eye for beautiful outfits. I suppose this is the reason why I am so passionate about women empowerment. I saw it with my own mum.

Name one thing about your self that most people don't know.

Most people don't know that I had a near encounter with death. When I was working at Regional office, I used to drive a lot between Ndola and Lusaka. On one of my trips while driving from Ndola to Lusaka and accompanied by two cousins, I came face to face with a truck, 12km's out of Kapiri Mposhi town. The driver of this truck



Ms Mumba with relatives (l-r) Lowani Chibesakunda, Tani Chibesakunda and Catherine Chuungwe.

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Ms Mumba with Madam Graca Machel at the African Women's Economic Summit (AWES) meeting at Mulungushi International Conference Centre in Lusaka

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seemed to have been dozing and drove out of his lane into mine. I saw him coming straight at me. I was approaching a bridge and therefore I thought that I might end up hitting into it. The bridge had a stream running beneath it with a lot of long grass and trees. I uttered a quick prayer and drove off the road right into the stream. Fortunately, I did not hit into any of the trees but managed to stop the land rover that I was driving right in the middle of the stream with thickets of long grass all around.

The water in the stream had reached the door area of the land rover, so I had to stand on the door to keep from getting wet. Many people had gathered on the bridge and started shouting to ask if I was okay. I told them that we were all fine and some men came and pushed the land rover out of the

stream. The land rover was still running at the time and did not switch off. We continued on our journey to Lusaka, after having been pulled out. One man who met me later in Kabwe told me that the God I prayed to really loved me as they had watched the truck head right at me. From that experience, I have always learnt to say a prayer and commit any journey I make to the Lord. Indeed that experience showed me the greatness of the Lord that is why I continue to sing for his glory in the choir.

Where do you see yourself in the next 5/10 years, personally and/ or professionally?

My belief has always been to make a change wherever I find myself. There is a song that we sing, 'Bloom where you are planted'. For me that is the epitome of my existence.

I believe that whatever I do and whatever circumstance I find myself in, I need to give it my best shot and do everything for the glory of God.

Therefore, commitment, and hard work drives me personally. In 5 to 10 years' time, I wish to have made an impact on as many women/girl child as possible to live positively and become better persons. In my profile, there is a sentence, which reads, 'My vision is to see every woman empowered and able to stand on her own when economically challenged'. In addition, as I retire I would like to continue working in this space. Professionally, I hope to finish my Doctorate and work with the Girl child to aspire them to become better individuals.

What makes you laugh?

Jokes. I love to laugh. I usually attend the Zambia comedy shows. Not only do I support the Zambian comedians, but they are really in a class of their own when it comes to comedy. Therefore, laughter is one aspect I really enjoy doing.

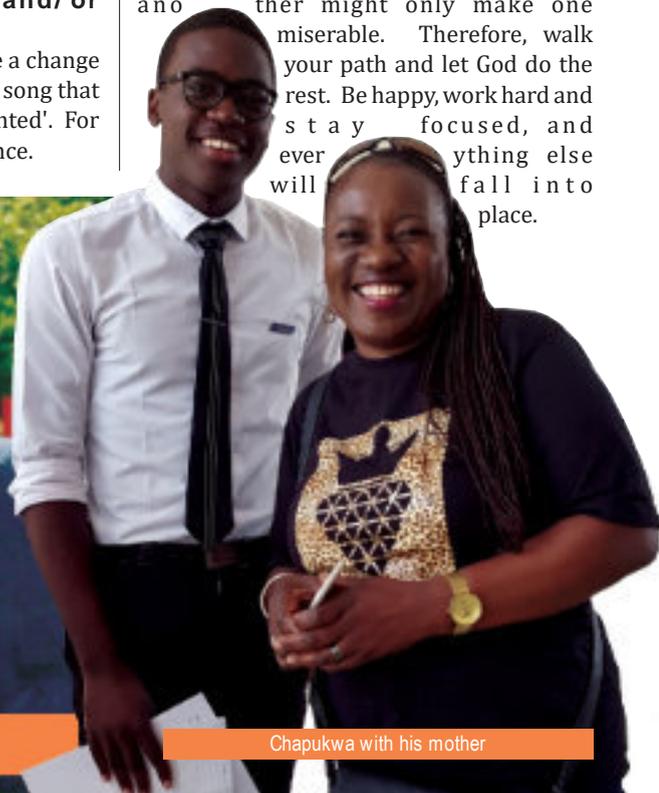
What word of advice would you offer Zambanker Readers?

My last words to the Zambanker reader is that we should all aspire to become better persons with each year that comes. We are all created differently. We are all given a particular path to follow in life. Yes, challenges may come as we journey on, but we should remember that these are only meant to make us stronger. My colleague's path may not be mine. The challenges I encounter, may not be the same as those that my colleague will encounter.

Therefore comparing one's life to that of another might only make one miserable. Therefore, walk your path and let God do the rest. Be happy, work hard and stay focused, and everything else will fall into place.



(l-r) New Faces New Voices Country Director Ms Penelope Mapoma, ILO Gender Consultant Dr Jyoti Tuladhar and Ms Mumba at a workshop in Lusaka



Chapukwa with his mother

Zambia's International Investment Position

From Page 17

appear in some functional categories and not in others. Further, the functional categories are separated by institutional sector and instruments are classified as long or short term depending on whether the original maturity is one year or more, or less than a year. The IIP and the Financial Account of the BoP take the same classification to make it easier for users to compare positions and transactions for items in question.

Definition of Functional Categories¹

a. Direct Investment

Direct investment indicates the lasting interest of a resident entity in one economy (the direct investor) in an entity resident in another economy (the direct investment enterprise). The term “lasting interest” implies an investor having a significant degree of influence in the management of the enterprise with ownership of a minimum of 10% of ordinary shares or voting power in the direct investment enterprise. This is classified by direction of investment meaning direct investment abroad and direct investment into Zambia as the reporting economy. The Direct Investment abroad includes claims and liabilities to Direct Investment Enterprises whilst Direct Investment in Zambia (reporting economy) includes its claims and liabilities to direct investors. Direct investment is made up of equity capital including reinvested earnings and other capital (intercompany debt). The stock data in the IIP under Direct Investment cover all claims and liabilities between direct investors and direct investment enterprises with the exception of financial derivatives and affiliated financial intermediaries.

b. Portfolio Investment

This covers financial instruments in the form of equity and debt securities usually traded or tradable in the financial markets. **Debt securities** are in the form of bonds and notes and money market instruments. **Equity securities** are classified as portfolio investment if the shareholding equals less than 10% in the company concerned. Equity holdings exceeding 10% are classified as direct investment. Investments in equity securities are usually short term and unlike direct investment are not intended to exert control over the management or policies of the company. Investment fund shares are financial instruments that give the investor a claim on a portion of a collective investment fund. All owners of

the fund shares have the same right to the funds income and assets in proportion to their holding.

c. Derivatives

Financial derivatives are financial instruments whose value is dependent on the price of another underlying asset. Financial derivatives are different from other types of assets because they generally involve transfer of risk (for example interest rate risk, exchange rate risk, equity and commodity price risks, credit risks among others) rather than the provision of capital or other financial assets. Financial derivatives fall into the following categories Options and Forward contracts. **Options** give the purchaser the right to buy or sell the underlying asset at a specified price (the strike price) by a specified date. **Forward contracts** are unconditional contract wherein two counterparties agree to exchange a specified quantity of an underlying asset at an agreed strike price on a specified date.

d. Other Investment

This is a residual category for items other than those covered in direct investment, portfolio investment, financial derivatives and reserve assets. Falling under this category are the following: other equity; currency and deposits; loans; insurance; pension, and standardized guarantee schemes; trade credit and advances; other accounts payable and receivable; and SDR allocations (SDR holdings are included under reserve assets).

e. Reserve Assets

These are monetary assets that are readily available to and under the control of the central bank for BoP or other purposes. Classification distinguishes SDRs, reserve position in the IMF, foreign exchange currency and other claims. Foreign exchange positions is split into currency and deposits (broken into those held with Central Bank and those with Commercial Banks) and financial derivatives. Reserve assets must be foreign-denominated assets and claims against non-residents.

Integrity of data

A comprehensive annual data collection exercise (the Private Capital Flows Survey) is undertaken for preparation of statistics and data are collected from the major economic entities. The reliability of the data is dependent on complete, correct and timely data submissions to the central bank. However, circumstances for data providers may vary and as such for example, some enterprises covered in the survey cannot provide final figures until after their annual accounts have been prepared usually 6 to 9 months after the end of their fiscal year. Therefore, there could be a 9-month lag before final numbers are included in the statistics. However, the Bank of Zambia collects quarterly data from large enterprises that have business with non-residents.

Schedule for Revisions

The statistics are revised as new information is received and outlined in a published release and revision calendar (Table 2). If new information of significance for the statistics is, received attempts are made to update the statistics as soon as possible. The revisions are shown in the Release Calendar below:

Table 2: Release and Revision Calendar

Date	Quarterly Data	Annual Data	Platform
30 April 2019	Q1 2017 - Q2 2018	2015 - 2017	www.boz.zm
24 May 2019	Preliminary Q3 and Q4 2018	Preliminary 2018	www.boz.zm
23 August 2019	Finalized Q3 2018 Preliminary Q1 2019		www.boz.zm
22 November 2019	Finalized Q4 2018 and Q1 2019 Preliminary Q2 2019	Finalized 2018	www.boz.zm

About the authors

Dr Ivan Zyuulu is Assistant Director- Balance of Payments and Debt while Ms Chisala Ng'andwe is Senior Economist - Private Capital Flows

The functional categories (Direct Investment, Portfolio Investment, Derivatives, Other Investment and Reserve Assets) are explained as defined in the International Monetary Fund's (IMF) Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6).

Interbank money market

From Page 6

ultimate target. However, the MAT framework met challenges which included the difficult for market participants and/or the public to understand the monetary policy stance and evolving economic structures that reduced the effectiveness of monetary policy. To address these challenges, the Bank of Zambia embarked on the modernisation of its monetary policy framework. Consequently, the shift to an inflation targeting (IT) framework was adopted in the Bank of Zambia 2012-15 Strategic Plan.

One of the steps towards the implementation of an IT framework was the introduction of a central bank policy rate. Hence in April 2012, the Policy Rate was introduced as a key interest rate to signal the monetary policy stance of the Bank of Zambia.

Interest rates are considered to provide better monetary policy signals and are easily understood by the market (public) than monetary aggregate signals. This helps in anchoring market expectations thereby enhancing achievement of inflation objective. Since 2017, the Bank of Zambia is required to keep inflation within the 6–8% target range. The key challenges with monetary policy implementation include underdeveloped financial markets, and fiscal dominance that inhibit the effective monetary policy transmission to the real economy.

Under the interest rate targeting (IRT) framework, the Policy Rate is expected to influence the overnight interbank rate (operating target) which in turn should affect inflation through the expectations,

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Separations

By Zambanker reporter

Five (5) members of staff have separated from the Bank through Voluntary Early Separation Scheme (VESS) and on medical grounds in the first quarter of 2019. The five former employees who separated from the Bank were from Bank Supervision, Regional Office, Legal Services and Human Resources Departments. The other one was from Security Division.

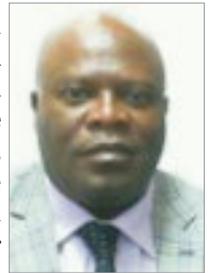
Ms Zaliwe Chibeza Saili separated from the Bank through VESS on 15th January, 2019 after working for slightly over 17 years. She joined the Bank on 1st October, 2001. She was a Senior Analyst – Liquidations in the Bank Supervision Department at the time of her separation.



Mr Clement Mweemba separated from the Bank through VESS on 31st January, 2019 after working for almost 16 years. He was a Legal Clerk in the Legal Services Department Office at the time of his separation. Mr Mweemba joined the Bank on 10th June, 2003.



Mr Stephenson Namooya worked as a Technical Officer in Security Division at the time of his separation. He separated from the Bank through VESS on 31st March, 2019 after working for 16 years. He joined the Bank on 4th March, 2003.



Mr Collins Sankwana worked as a Technical Support Specialist in the Information and Communication Technology (ICT) Department at Regional Office at the time of his separation. He separated from the Bank through VESS on 17th January, 2019 after working for over 31 years. He joined the Bank on 2nd July, 1987.



Mrs Faith Makeleta Nkhoma separated from the Bank on 31st March, 2019 on medical grounds. She was an Administrative Assistant in the Human Resources Department at the time of her separation. She left the Bank after working for 27 years having joined on 20th January, 1992.



Revisit financial education

From Page 5

Earlier, Dr Ng'andu explained that the National Financial Inclusion Strategy (2017 – 2022) under which the Government will continue to implement policies like the Financial Literacy Week and hoped that these would bring about change to the financial landscape of the country.

Within the context of this Strategy, the Government hopes to achieve universal access to and usage of a broad range of quality and affordable financial services that meet the needs of individuals and enterprises.

In implementing the NFIS, the Government is also in the process of enhancing financial education content in the school curriculum from grade one through to grade twelve.

“As regulators we will continue to ensure that financial service providers conduct their businesses in a prudent manner, with due regard to the consumers of financial services.

This will facilitate the protection of consumers from being offered unlicensed and at times illegal products and services as well as to accelerate account penetration.

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New Faces

By Zambanker Reporter

The Bank of Zambia has recruited eighteen new employees in the first quarter of 2019. Departments that benefited from the recruitment include Bank, Currency and Payment Systems (BCPS), Human Resources, Procurement and Maintenance Services (PMS), Board Services, Regional Office and Financial Markets.

Those who joined BCPS are Mr Chaponda Terence Nkhata, Mr Morris Mwanamwalye and Mr Godfrey Goma.

Mr Chaponda Terence Nkhata joined the Bank on 2nd January, 2019 as a Note Examiner based at Regional Office. He holds a Professional and Advanced Professional

Diploma in Banking and Finance from the Zambia Institute of Banking and Financial Services and is currently pursuing a Bachelor's Degree in Financial Services with the University of Zambia. Mr Nkhata worked for Barclays Bank Zambia as a Cash Monitoring Officer - Northern Cluster before joining the Bank.

He is an Associate Member of Zambia Institute of Banking and Financial Services.

Mr Morris Mwanamwalye joined the Bank



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From Page 39

on 2 January, 2019 as a Clerk – Stock Book. Mr Mwanamwalye is a National Accounting Technician Holder. He worked for Zanaco as a Credit Collections Coordinator before joining the Bank. He is a member of the Zambia Institute of Chartered Accountants (ZICA).



Mr Godfrey Goma joined the BCPS team on 2nd January, 2019 as a Teller. He is a ZICA Licentiate holder. Mr Goma worked for Investrust bank as a Bank Clerk before joining the Bank. He is a member of Zambia Institute of Chartered Accountants (ZICA).



Board Services Department received five new faces who joined Protocol and the Communications teams. The five are Ms Janet Banda Kosamu, Ms Kateule Nakazwe, Mr Mathias Mwaya Kabwe, Ms Beauty Undi Phiri and Ms Catherine Mukubwa Shamasamu.

Ms Janet Banda Kosamu joined the Bank on 2 January 2019 as a Protocol Officer. She holds a Diploma in Journalism from the Evelyn Hone College. Ms Kosamu worked under the Ministry of Local Government and Housing as a Public Relations Officer for Luanshya Municipal Council before joining the Bank. She is a member of the Zambia Public Relations Association.



Ms Kateule Nakazwe joined the Communications team as Assistant Manager – Social Media on 2 January, 2019. She holds a Bachelor of Arts Degree in Communications from the University of Zambia



and worked as a Marketing and Communications Lead at Bonghive Technology and Innovation Hub before joining the Bank. Ms Nakazwe is a member of the Zambia Institute of marketing.

New Faces

Mr Mathias Mwaya Kabwe joined the Bank on 1st February, 2019 as a Web Editor. He has a Degree in Business Information Systems from the University of West of England and a Diploma in Marketing from Evelyn Hone College of Applied Arts and Commerce. Mr Kabwe worked for Zambia Development Agency as an ICT Specialist focusing on Business Systems Analysis and Deployment. Mr Kabwe also provided technical support for the Partnership for Investment and Growth in Africa (PIGA) International Trade Centre (ITC) and the United Nations Conference on Trade and Development (UNCTAD). Under the ZDA he worked as consultant on the eRegistry Zambia project, the iGuide Zambia programme and coordinated the establishment of the One Stop Shop Integrated System (OSSIS) for business registration and compliance. Mr Kabwe is passionate about community service and currently serves on two boards; the International Trust for the Education of Zambian Orphans (ITEZO) and Bulongo Fashion and Creative Arts Incubator.



Ms Beauty Undi Phiri joined the Bank as an Events and Hospitality Officer on 1 March, 2019. She holds a Bachelor of Arts Degree in Public Administration from the University of Lusaka, a certificate in Protocol, Diplomatic Studies and Public Relations from Zambia Institute of Diplomacy and International Studies, a Diploma in journalism from Passwell Training Centre and a Diploma in Public Relations from the University of Zambia. Ms Phiri worked for Kitwe Municipal Council as an Assistant Public Relations Manager before joining the Bank. She had also worked for Kalulushi Municipal Council and Mazabuka City Council in various capacities. Ms Phiri is a member of the Zambia Public Relations Association.



Ms Catherine Mukubwa Shamasamu joined the Protocol team on 1 March, 2019 as Assistant Manager - Protocol, Events and Hospitality. Ms Shamasamu holds a Bachelor of Arts Degree in Public Administration and Development Studies from the



University of Zambia and a certificate in Front Office Operations with basic French from Hotel, Tourism and Training Institute Trust. She worked for Bushtracks Africa as Head of Ground Handling and Operations before joining the Bank. She had also worked for Sun International Ltd as a Senior Events Coordinator. Ms Shamasamu is a member of the Ebenezer Child Care Trust Livingstone.

Financial Markets received two new employees and the names are Ms Lyasanika Mwambazi and Mr Kabwe Chipopola.

Ms Lyasanika Mwambazi joined the Bank on 28 January 2019 as Assistant Manager - Open Market Operations in the Financial Markets Department. She holds a Bachelor of Commerce degree in Finance and Accounting from DMI St Eugene University. She is a ZICA Technician and also holds an ACI Operations Certificate from ACI Financial Markets Association. She worked for the Office of the Auditor General as an Auditor before joining the Bank and for Standard Chartered bank where she worked as a Treasury Operations Assistant. Ms Mwambazi had also worked for Ecobank.



Mr Kabwe Chipopola joined the Financial Markets team as Analyst - Market Integrity. He holds a Master of Science Degree in Economics and Finance from the Shanghai University of Finance and Economics in China, Bachelor of Science in Banking and Finance from the Copperbelt University, a Diploma in Banking from the Zambia Institute of Banking and Financial Service and has an ACI –Dealing Certificate. He is also a Certified Forensic Investigations Professional (CFIP).



Mr Chipopola worked for Atlas Mara Zambia as a Treasury Sales Dealer in the Treasury Department before joining the Bank. He had earlier worked for Finance Bank Zambia as a Project Analyst and Intermarket Bank as a Credit Analyst. He is a member of ACI Zambia and the International Institute of Certified Forensic Investigation Professionals Inc. (IICFIP).

Two new employees joined the Legal Services team and these are Ms Soi Kaingu and Ms Grace Mukulwamutiyo.

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March 2019



Ms Soi Kaingu joined the Legal Services Department as Legal Counsel on 1 February 2019. She holds a Bachelor of Laws Degree from the University of Zambia and a Master of Laws Degree from the University of Cape

Town. Ms Kaingu was a Senior Associate with Chibesakunda & Company in the Litigation and Dispute Resolution Department before joining the Bank. She is a member of the Law Association of Zambia and the International Bar Association. Ms Kaingu is also an associate with the Chartered Institute of Arbitration.



Ms Grace Mukulwamutiyo joined the Legal team as Legal Counsel on 4 February 2019. She holds a Bachelor of Laws Degree from the University of Zambia and a Master of Laws Degree from the University of Pretoria.

Ms Mukulwamutiyo also has a Post Graduate Diploma in Legislative Drafting from Zambia Institute of Advanced Legal Education. She was Legal Manager – Governance at the National Pension Scheme Authority before joining the Bank. She is a member of the Law Association of Zambia, SADC Law Association and the International Bar Association.

PMS Department received three new employees who were recruited as drivers. The names are Mr Danny Chisala, Mr Clayford Chilala and Mr Jackson Kampamba.



Mr Danny Chisala joined the PMS team as a driver on 2 January 2019. Mr Chisala did an Automotive Technician course at Northern Technical College in Ndola. He was also trained in auto body repairs by the Watchtower Society. He worked for the Watchtower Society Zambia Branch as a panel beater, spray painter and a truck driver before joining the Bank.



Mr Clayford Chilala joined the Bank on 4 February, 2019 as a driver. He is an

New Faces

Automotive Technician Advanced Certificate holder from Northern Technical College in Ndola. Mr Chilala worked for Zambia Bureau of Standards as a driver before joining the Bank.

Mr Jackson Kampamba joined the Bank on 4 February, 2019 as a driver. He has an Advanced Certificate in Heavy Duty Mechanics from Northern Technical College in Ndola. Mr Kampamba worked for Buks Haulage Limited as a truck driver before joining the Bank.



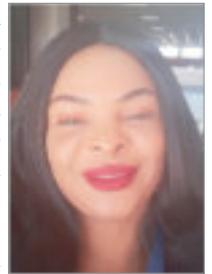
Human Resources received two new employees while Regional Office received one. Those who joined the Human Resources Department are Ms Christerbel Musefwe Mwambazi and Ms Mavis Chama Chibangu. Mrs Barbra Sichone Mpundu joined the Regional Office team.

Ms Christerbel Musefwe Mwambazi joined the Human Resources team on 28th January 2019 as an Administrative Assistant. She holds a Diploma in Business Administration from the Copperbelt University and is currently pursuing a Degree Programme in

the same field from the same university. Ms Mwambazi also holds a Secretarial Certificate from Kabwe Trades Training Institute. She worked for the Copperbelt University before joining the Bank. She had earlier worked for Mopani Copper Mines Plc and Zambia Telecommunications Company. She is a member of the Professional Secretaries Association of Zambia where she holds the position of Vice President.



Ms Mavis Chama Chibangu joined the Bank on 4th February, 2019 as an Administrative Assistant in the Human Resources Department. Ms Chibangu holds a Bachelor's Degree in Library and Information Studies with Public Administration (double major) from the University of Zambia (UNZA).



She also has a Certificate in Shorthand Typewriting and in Computer Application from Kasiya Secretarial College. Ms Chibangu worked for UNZA, as a Personal Secretary, in various schools as well as in the central administration before joining the Bank.



Bank of Zambia

TREASURY BILL AUCTION CALENDAR FOR THE SECOND QUARTER OF 2019

T-BILL ISSUE	AUCTION DATE
08/2019	Thursday, 11 April, 2019
09/2019	Thursday, 25 April, 2019
10/2019	Thursday, 09 May, 2019
11/2019	Thursday, 23 May, 2019
12/2019	Thursday, 06 June, 2019
13/2019	Thursday, 20 June, 2019

GOVERNMENT BOND AUCTION CALENDAR FOR THE SECOND QUARTER OF 2019

BOND ISSUE	AUCTION DATE
02/2019/BA	Friday, 26 April, 2019
03/2019/BA	Friday, 14 June, 2019

Storage and Preservation of Physical Records

By *Kashweka Kashweka*

Introduction

The storage and preservation of physical records is a key element in the records management programme of an organisation. The storage and preservation of records is aimed at protecting records from deterioration and ensuring that the storage of records is cost efficient. Good storage provides physical support and protection against adverse or fluctuating environmental conditions. It also provides a mechanism for organising and maintaining records in intellectual units that can be easily and safely handled. Factors that are considered when designing storage areas include the optimum method of accessing, storing, and using the records as well as the stability of all components storing the records.



Mr Kashweka Kashweka

Planning for Records Storage

Records storage should be a planned and coordinated activity within an organisation in order to have storage arrangements and strategies that are efficient and cost effective. It helps determine the type of records storage the organisation needs and how much storage is required now and into the future. In addition, a storage plan provides details of all storage areas in use and demonstrates that they are suitable and authorised for use.

In this regard, it is important to develop a comprehensive storage plan covering the following:

- All types of records (active, semi-active, archives), storage media and storage locations;
- Forecasts of future storage needs, including growth of quantities of records requiring physical storage;
- Planned upgrades required for storage areas; and
- Projected reductions of storage areas due to better disposal practices.

Building and Construction

A building for storage of records exists to protect and preserve records stored within it. It is important to undertake thorough inspections of the building chosen for records storage. To this effect, the building chosen for this purpose should meet the following requirements:

- Be suitable and appropriate for the storage of records;
- Be soundly constructed of appropriate materials so that the records are not in danger of exposure to elements such as fire or infestation by vermin;
- Have good drainage and water run-off;
- Be secure against intruders;
- Have controlled access;

- Have adequate fire protection; and
- Be fit for purpose.

Dedicated Storage

Records storage areas should be dedicated to the storage of records only. Equipment, furniture or supplies such as stationery and chemicals should not be stored in the records storage areas. The main reasons for creating a dedicated space for records are to:

- Avoid additional risks (e.g. if chemicals were stored in the area the risk of contamination would be heightened);
- Restrict access to the area more rigorously (e.g. if furniture and stationery were stored in the same area more people would require key or access passes).

Records Storage Areas

Records should not be stored in basements because of the risks of floods, poor ventilation and humidity. In most cases, basements do not meet the required standards unless measures such as waterproofing, provision of proper ventilation and management of humidity levels are put in place to protect records.

Records storage areas, where possible, should have fire rated walls that divide records storage areas from non-storage areas such as work spaces. Storage rooms or equipment should be lockable and controlled. Furnishings and floor coverings should not be made of materials that attract insects into the storage areas.

If the quantity of records to be stored is very large, then the storage area should be subdivided into smaller units using fire resistant walls. This enables fire protection measures to be introduced more easily and environmental conditions to be maintained at constant levels.

If records are stored in office areas rather than in designated storage areas, it is important to ensure that the storage areas are not under

windows or around edges of buildings as it is generally warmer in these places.

In addition, storage areas should meet the following requirements:

- Doors to storage areas should be kept closed and should be fire resistant. Doors should be lockable and wide enough to allow for the movement of trolleys;
- Ceilings should be high enough to allow 500mm clearance between the top of shelves and fire sprinkler heads. This is to ensure that sprinklers are not accidentally activated; and
- Buildings or rooms used for records storage should not have windows or skylights. If there are windows or skylights, they should be fitted with heavy curtains, shutters, or blinds, preferably of heat reducing fabric in order to reduce or eliminate illumination. West facing windows should be avoided as they present dangers to records from heat and light.

Shelves and Cabinets

Shelves and cabinets play an important role in ensuring that the records are protected from deterioration. In determining shelves or cabinets, it is important to consider the types of records which will be stored in order to ensure that suitable shelves and cabinets are procured. To this effect, the following should be taken into account:

- Magnetic media should be housed on non-magnetised shelves or cabinets;
- Bulk or large paper based records should be stored on shelves of the same width as the records to prevent records jutting out into the aisles;
- Maps, plans and charts should be stored flat in cabinets designed for this type of format; and
- Paper based records should be stored on coated metal shelves or in powder – baked or enamel metal cabinets.

Storage Containers

Containers protect records from deterioration by slowing down the rate of temperature and humidity changes and protecting records from light, dust and pollutants. Containers should be of durable material, capable of sustaining expected use and the correct size and should be suitable for the shelves on which they would be stored.

Approaches to Preservation

Risk Management

The physical integrity of records could be affected by exposure to risks such as fire, floods, and industrial hazards. Before a decision is made on records storage areas, a risk assessment should be undertaken in order to identify potential risks such as fire, floods, and industrial hazards within the locality.

The identified risks should be dealt with in accordance with the organisation's risk management process.

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Securing Loved Ones through Wealth Transfer Plans

From Page 22

to pay tax and report on the trust investment returns. A revocable trust protects the assets from claims against beneficiaries but does not protect the trust assets from claims against the grantor.

(b) Irrevocable Trust

In an irrevocable trust, the trust assumes legal ownership of the trust assets and retains responsibility for tax payments and reporting. Irrevocable trust protects trust assets from claims against the grantor but the assets are subject to the claims against the beneficiaries. Revocable and irrevocable trusts can be structured as fixed or discretionary trusts. In a fixed trust, distributions to the beneficiaries are prescribed in the trust deed.

The trust deed also specifies the amounts and the time when the distribution should occur. In a discretionary trust, the trust deed gives the trustee the discretion to determine the distributions based on the amount of assets in the trust and the general welfare of the beneficiaries at the time of distribution.

Why Transfer Wealth using Trusts in comparison to other methods

There may be different motivations for setting up the different types and structures of trusts. Trusts have the following advantages over other wealth transfer plans:

- Trusts enable the transfer of wealth to the beneficiaries without yielding complete control, trusts facilitate transfer of wealth outside of a Will. Remember a Will may be subject to the probate process which may take time and result in unnecessary legal expenses and unwanted publicity if challenged.
- Revocable trusts can be used to facilitate transfer of wealth to intended beneficiaries who may be unable or unwilling to manage the assets themselves because they are young, immature or differently abled.
- Irrevocable trusts can be used to protect assets from claims against financially irresponsible beneficiaries or heirs.
- Discretionary trust protects the trust assets from claims against the beneficiaries because the beneficiaries have no legal right to income generated by the trust or to the trust itself.

(v) Foundations

Similar to trusts, foundations are entities set up to hold assets for a particular purpose and are commonly used by philanthropists who want to give their wealth for a particular cause such as charity. Foundations are registrable under the Land (Perpetual Succession) Act, Chapter 186 of the Laws of Zambia.

Why Transfer Wealth using Foundations

- Foundations, like trusts, facilitate transfer of assets without yielding control to beneficiaries, avoids probate and protects assets from claims against owners and beneficiaries.
- Foundations facilitate tax efficient transfer of wealth because foundations are tax exempt as long as minimum annual spending rates are met.

(vi) Life Insurance

Life insurance is also a wealth transfer planning tool as it protects beneficiaries against premature death of the breadwinner. Life insurance enables the policy holder to transfer wealth in form of insurance premiums to an insurance company who in turn has the obligation to pay death benefit to beneficiaries named in the policy. Life insurance is especially useful where the breadwinner has not accumulated a lot of wealth and depends on ongoing income to meet living expenses.

There are two main types of life insurance namely; term life insurance and whole life insurance. Term life insurance like the name suggests facilitate transfer of wealth if the breadwinner dies within a specific term. Term life is ideal when the breadwinner has a mortgage and wants to protect wealth for the benefit of the beneficiaries during the term of the mortgage. Whole life insurance on the other hand is one which is guaranteed to remain in force for the **insured's** entire lifetime, provided required premiums are paid.

(vii) Limited Companies

Limited companies are another way in which wealth can be transferred to beneficiaries. The owner of the company can issue new shares or transfer existing shares to beneficiaries. The Limited liability nature of the company protects the assets from claims against the owner and beneficiaries. Companies allow the transfer of assets with or without yielding control to the beneficiaries.

Beneficiaries can have control in the company by virtue of exercising voting rights. Companies also have the advantage of deferring capital gains on income generating assets, for instance investment assets and shares, until such a time that the assets are sold or change ownership thereby reducing capital gains taxes.

Companies also facilitate estate tax freeze which is a tax efficient estate planning technique that allows the asset owner to lock in the current value of a capital property and tax liability while transferring the future appreciation to the beneficiaries at little or no tax. Estate tax freeze has a benefit of facilitating early transfer of assets before they

appreciate in value. In a typical estate tax freeze, the shareholder or company owner recapitalizes the company by issuing voting preferred stock and non-voting common stock. The non-voting common stock is transferred to the beneficiaries (usually second generation) at very low nominal value and attract little or no property transfer tax.

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Interbank money market

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exchange rate and/or credit channels. To efficiently manage the overnight interbank rate, the Bank of Zambia conducts open market operations (OMO) to contain the overnight interbank rate within the ± 1 percentage points corridor around the Policy Rate.

The desire is to keep the overnight interbank rate as close as possible to the Policy Rate. The Policy Rate corridor defines the band within which the overnight interbank rate is allowed to fluctuate in line with the inflation target set by the Government.

If the overnight interbank rate moves above the upper limit of the corridor, the Bank of Zambia supplies funds to commercial banks to bring the overnight interbank rate back into the Policy Rate corridor. Conversely, the Bank of Zambia withdraws funds from the banking system when the interbank rate fell below the corridor in order to drive it up into the Policy Rate corridor.

Another presentation focused on the conduct of open market operations and participants were informed that in May 2018, the Bank of Zambia revised the OMO operational framework where only the overnight tenor is offered to influence the interbank rate.

Under this framework, the Bank of Zambia conducts liquidity operations at interest rates that are up to 50 basis points of the Policy Rate and accepts bids within this range. Thus, when injecting funds (lending to commercial banks), the Bank of Zambia accepts bids whose rates lie at the Policy Rate or up to 50 basis points above the Policy Rate.

When withdrawing funds (borrowing from commercial banks), the Bank of Zambia accepts rates at the Policy Rate or up to 50 basis points below the Policy Rate. It was emphasised that market participants needed to understand these changes to the OMO framework for them to appropriately price their funds and ensure that the overnight rate is aligned to the Policy Rate.

Securing Loved Ones through Wealth Transfer Plans

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The non-voting shareholders will have no control on the company but all future appreciation accrue to them. Estate tax freeze is not allowed in some countries but it is important to seek legal advice before effecting one.

Factors to Consider Before Choosing a Particular Wealth Transfer Planning Tool

There are a number of factors which must be considered before one settles on a particular wealth transfer planning tool. These include:

I. Legal Systems

Knowing the legal system of the country in which one resides is an important aspect of

wealth planning because it can affect the free disposition of a Will. There are two broad types of legal systems namely common law and civil law.

(a) Common Law Systems

Common law systems can be traced to British origins and laws are based on specific cases and decisions of the courts. In common law countries such as United Kingdom and Zambia the person who makes a Will has the freedom of disposition regarding the rights that others will have over their property after death.

(b) Civil Law Systems

Civil law systems are derived from the

Roman Law and is commonly used in many countries in the world than common law. In civil law systems, judgements are based on abstract rules or concepts to particular cases. Countries following the Shari'a law of Islam are more like civil law systems with regard to estate planning despite substantial variations. Forced heirship rules and community property and separate property rules are the most common limitations on the ability to free dispose of assets in civil law jurisdictions.

Forced Heirship rules entitles a spouse or children to a fixed share of the spouse or parents' wealth, respectively. Forced heirship rules extends to children who are estranged or conceived outside marriage.

In community property rules, each spouse is entitled to half of all property and income earned during marriage but excludes property owned before and after marriage. Therefore, if a spouse died and left a Will in a civil law jurisdiction under community property rules, half the property is automatically passed on to the surviving spouse and the remaining half is transferred by the Will regardless of the contents of the Will.

In separate property rules, each spouse is entitled to own and control property individually and free disposition subject to other spousal rights. In Italy, for example, forced heirship rules apply to both community property and separate property.

ii. Tax Laws

Understanding whether assets are taxed and how they are taxed when they are transferred before or at death is an important aspect of wealth planning. Most important when it comes to wealth transfer planning is to ensure that one's wealth is transferred in a tax efficient manner so as not to disadvantage beneficiaries.

We trust and hope that the article has provided some useful tips in wealth transfer planning. There are a number of tools available and numerous factors to consider before coming up with a particular tool. Don't leave wealth transfer to chance, be informed and plan accordingly.

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Various schools took part in a march past to commemorate the 2019 Financial Literacy Week

Revisit financial education

From Page 39

Regulators will also facilitate the establishment of modern regulatory frameworks that favour account ownership by licensing bank agents, tiered documentation requirements and allowing financial service providers to offer basic or low-fee accounts. Support of new technologies such as mobile money, micro-insurance, micro-pensions and alternative markets for raising capital from the public will also support the enhancement of financial inclusion. Ultimately these products and services should be delivered in

a way that promote financial consumer protection as well as strengthen the financial capability of consumers," he said.

Regarding the growth of Digital Financial Services, the Deputy Governor said statistics available at the Bank of Zambia indicate that from 2013, when the Financial Literacy Week commemoration started to 2018, the number of point of sale transactions in Zambia per annum moved from about 2 million (in 2013) to about 18 million (in 2018). This shows that digital financial services play a key role in financial inclusion.

The Benefits of Implementing a Clean Desk Policy



How a clean desk should look like

INTRODUCTION

One of the challenges organisations face as they grow in size and operations is the management of information. As activities increase, it becomes normal to find documents sprawled across workspaces. This does not only pose a risk to the business operations of the organisation but it also portrays a negative impression to the people employees interact with.

In this regard, it is important to implement a Clean Desk Policy as it provides the minimum requirements for maintaining clean workspaces where information is properly secured or disposed of. This should include not only documents but also other information storage media.

BENEFITS

Save Time and Money

The Policy encourages employees to have a well organised document and recordkeeping system. This eliminates time spent on searching for information as and when required. It promotes the effective utilisation

of storage space because only relevant documents are kept while the ephemerals are disposed of. Additionally, it encourages employees to use and keep electronic copies thereby significantly reducing expenditure on paper, ink and printer maintenance.

Portrays Good Impression

Clean and tidy workspaces make employees look efficient and presentable to those they interact with in the course of duty. In addition, tidy workspaces create a lasting impression on how an organisation carries out its operations.

Discourages Prying Eyes

It is common for employees to leave documents on their desks unintentionally. These habits encourage unauthorised people to view information they should not have access to. This risk could be eliminated when the Policy is properly implemented.

Stress Reduction

Having organised workspaces means that information can be easily found as and when required. This allows employees to focus more on work instead of getting stressed because they cannot find a report or document which might be needed urgently.

IMPLEMENTATION

Sensitisation

Effective implementation requires undertaking awareness activities to communicate the importance of the Policy to employees. Posters, email alerts, newsletters, etc, could be used to sensitise employees on the importance of the Policy.

Lockable Storage

The effective implementation of the Policy requires that employees have proper and adequate equipment for storage of documents. To this effect, employees should be provided

with lockable drawers, file cabinets, safes, etc., to ensure that documents and other information storage media are securely stored when not in use or when they vacate their workspaces.



Mr Kashweka Kashweka

Protection of Computers

Computers and laptops should be configured to use time activated screen savers and password protection to minimise chances of some people taking advantage of unattended to equipment.

They should also be logged off when not in use and shut down at the end of each working day. This prevents people with wrong motives from accessing information about business operations of the organisation.

Adoption of Paperless Culture

Employees should be encouraged to work with electronic documents whenever possible. The use of paper for business operations provides wrongdoers with an opportunity to discover critical aspects of the organisation's processes that can help them to compromise information.

Without the need to print, employees will always have clean desks whenever they vacate their workspaces.

Disposal of Documents

The disposal of documents in a responsible and secure manner is an essential part of complying with the Policy. Employees should be discouraged from throwing any work related documents into the waste baskets as sensitive information could easily find itself in public domain. Sensitive documents should be disposed of securely for example with a lockable shredder.

Perform Routine Backups

Routine backups provide employees with access to documents in the event of a power failure or hard drive crash. Effective Policy implementation requires that the organisation has a reliable routine backup of the information generated in the course of business. This encourages employees from using physical documents as they are assured of a dependable routine backup in place.

ENFORCEMENT

Monitoring System

The Policy can only be effective when it is

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An example of an unclean desk

Storage and Preservation of Physical Records

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Fire Detection and Protection

Fire detection and protection systems and equipment are important factors in records storage areas. It is important that inspections in storage areas are undertaken regularly to ensure that the areas meet the standards and they are safe for records. Records storage areas should be fitted with smoke detectors, fire alarms, sprinklers and fire suppressant systems as safety measures.

Environmental conditions

Environmental conditions within storage areas have a major impact on the preservation of physical records and the rate at which they deteriorate.

Environmental conditions include among others, temperature and humidity, light, air quality and pest management. Poor environmental conditions would result in the deterioration of records and their potential loss. To this effect, these should be dealt with as follows:

▪ **Temperature and Humidity**

Temperature and humidity levels should remain as stable as possible because major fluctuations in temperature and humidity levels cause moisture to be absorbed and released frequently leading to deterioration of records. In this regard, it is important to ensure that the building is fit for purpose and/or provide air conditions in storage areas.

▪ **Light**

Storage areas should not have external windows or skylights as all forms of light can damage records. Lighting should not be more than necessary for storage activities such as records retrieval and replacement, inspection of storage areas and maintenance activities such as cleaning.

▪ **Air quality**

Good ventilation within storage areas is important in preventing pockets of stagnant air and high humidity. This could be addressed through the instantiation of air conditioning system. Air quality should be periodically monitored to check for dust and acidic and oxidizing gases.

▪ **Integrated pest management**

Records, especially paper records are an attractive source of food for a range of pests such as termites, cockroaches, rats and mice as well as vermin (silverfish, paper lice). To this effect, there is need for an integrated pest management approach based on a range of preventive measures which include:

- ⚡ Risk assessment of storage areas to identify possible sources of food or environmental conditions which would attract pests, rodents and any other pest activity;
- ⚡ Good housekeeping practices such as regular cleaning and monitoring;
- ⚡ Implementing measures to control pests and rodents; and
- ⚡ Isolating and treating affected records.

Handling Records

Records in all physical formats are likely to suffer damage and deterioration if they are not handled correctly. The retrieval of records from storage areas should be subject to controls in order to prevent damage or deterioration. In this regard, all users should be taught the correct ways of handling and using records to minimize damage and ensure their preservation for as long as they are required. Staff involved in storage operations and in moving records should receive training in handling records.

Maintenance

Records storage areas should be regularly monitored in order to maintain a stable, protective and suitable environment for records. A maintenance and monitoring programme for records storage areas should be part of the organisation's building maintenance programme. Additionally, records and containers in storage areas should also be monitored for signs of pest infestation and mould. If pest or mould infestation is identified, it should be treated promptly and appropriately. The building and equipment should always be maintained according to approved standards and best practices.

Disaster Preparedness and Management

Disaster Preparedness Plan

Records management strategies should be integrated in the organisation's business continuity and disaster preparedness programme. To this effect, a Disaster Preparedness Plan for records should be put in place in order to provide guidance on the recovery of records that may be affected by a disaster.

Assessment and Treatment

When a disaster has occurred some records could be completely destroyed while others may be salvaged. Depending on the kind of disaster experienced some records could still be useful to the organisation. To this effect, there is need to put in place procedures for the assessment of records affected by a disaster and where possible their treatment to enable the organisation resume its operations.

Vital Records Programme

Vital records are those records containing critical information necessary for an organisation to continue its key functions and activities in case of an emergency or disaster. To this effect, it is important that a vital records programme is established in order to identify and protect vital records from destruction in case of a disaster.

A vital records programme saves valuable time and resources after an emergency or disaster and allows recovery personnel to concentrate on restoring operations rather than finding the information.

Security

Security needs differ depending on the physical

state of the area, nature of the organisation, its resources and the records it produces and stores.

Controlling access to buildings and storage areas would help to prevent the alteration, destruction, damage or theft of records by ensuring that only those authorised to do so are able to access them.

At a minimum, records storage areas should be intruder-resistant and access-controlled. To this effect, there is need to provide entry controls, intruder alarms and where possible security guards to records storage areas.

Conclusion

Effective records storage practices and proper preservation methods contribute positively to good records management programmes. Records storage and preservation facilitates user access and ensures that records are protected from unauthorized access, loss or destruction.

In addition, records preservation ensures that the life span of records is prolonged by reducing risks of damage and slowing down the rate of deterioration.

The Benefits of Implementing a Clean Desk Policy

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enforced. One way in which this could be done is to have a regular monitoring system in place in order to ensure employees' adherence to the Policy. This will encourage employees to clear their desks of documents and other items containing information whenever they vacate their workspaces.

Management Support

The Policy will only work if everyone in the organisation including management supports it and takes it seriously. The successful adoption of the Policy requires that management leads by example, otherwise employees are likely to lose interest and it will be difficult to implement.

CONCLUSION

The implementation of the Policy nurtures a culture of responsibility and security awareness in handling documents among employees in the organisation. An effective Policy which involves the participation and support of all employees does not only protect documents from unauthorised access, deletion, alteration or disposal but it also promotes a clean work environment in the organisation.

Managing stress

By Mercy Wasomwe

Your greatest wealth is your health. Take care of it. It is important that we all stay healthy by managing stress.



Mercy Wasomwe

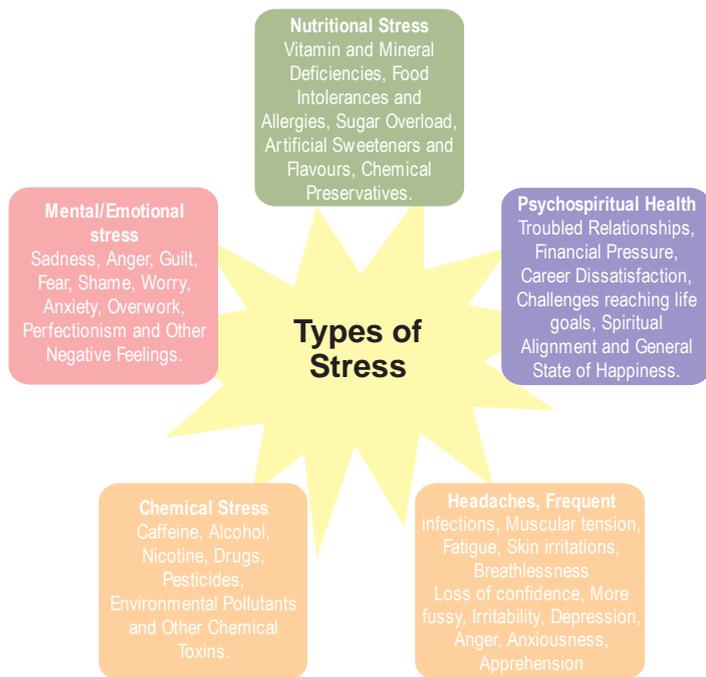
Then the info sent on stress can follow

What is stress?

Stress is an emotionally disruptive or unsettling condition of our mind that occurs as a result of adverse external influences. Body's uncertain response to the demand, made on it.

Definition

Researchers define stress as a physical, mental or emotional response to events that cause bodily or mental tension. Simply put, stress is an outside force or event that has an effect on our body or mind.



Health Problems caused by Stress

- Heart Attack
- Hyper tension
- Stroke
- Cancer
- Diabetes
- Depression
- Obesity
- Eating Disorders
- Substance abuse
- Ulcers
- Irritable Bowel Syndrome
- Memory Loss
- Autoimmune diseases
- Insomnia
- Thyroid problems
- Infertility
- Pain of any kind
- Digestive problems
- Sleep problems
- Skin Conditions, like Eczema
- Continuous Headache
- High Blood Pressure

REMEMBER

There is little you can do to prevent stress, but there are many things you can do to manage stress more effectively.

Find out what the cause of stress in your life are and learn coping mechanisms based on your personality

GENERAL STRESS MANAGEMENT GUIDANCE

EXERCISE	NUTRITION	REST AND SLEEP	RELAXATION	WORK-LIFE BALANCE
Physical exercise is key to remaining strong and healthy, as well as to relieving tension. Even twenty minutes each day of physical activity that involves the whole body and raises respiration and heartbeat will have benefits. Physical and mental fitness go together. The qualities of strength, flexibility and reliability in one's physical being translate to mental attitudes as well. Twenty minutes is a small investment for a significant improvement in energy and well-being.	Proper nutrition is always important, but in remote location is a challenge as to both the content and timing of healthy balanced meals. Skipping meals, forgetting to drink fluids and overdoing on sugar, fatty snacks and alcohol can create nutritional stress. Attention to healthy eating is critical to maintaining physical and mental health as well as tolerating and managing stress.	Sleep requirements vary among individuals, but demands of field work can lead to fatigue and exhaustion unless monitored. Individuals are responsible for keeping themselves adequately rested. Despite changes in lifestyle while in the field, it is important to try to establish routines that allow for adequate sleep as well as periodic rest at, near or away from works sites.	Relaxation and healthy pleasures are individually chosen to meet individual needs for time out and a brief shift of focus away from the demands of work. Music, games, cooking or pleasure and contact with nature are sources of relaxation for many people. Activities like those above allow people to restore themselves and manage stress at the same time.	A balance of work and private life is important in managing stress. This applies to routine at the field assignment, but should also encompass planned for time off away from work. No one should feel essential to the team twenty-four hours a day, seven days a week. Knowing when to allocate time for yourself and your family is as important as budgeting your time well on the job.



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