



PRESS RELEASE

MICROSAVERS HUB - MONEY CIRCULATION SCHEME

The Bank of Zambia (BoZ) wishes to warn members of the public to beware of a company trading as Microsavers Hub, which we deem to be providing unauthorised financial services in contravention of Section 6(2) of the Banking and Financial Services Act No. 7 of 2017 (BFSA). Information received by the BoZ suggests that Microsavers Hub is offering a financial service by collecting deposits from members of the public. BoZ's review of the business model of Microsavers Hub has revealed that the company is in effect engaging in a '*money circulation scheme*,' which is prohibited under Section 157 of the BFSA.

According to Section 157 of the BFSA,

"a person shall not -

Conduct, or participate in, a money circulation scheme;

Or issue a notice, circular, prospectus, proposal or other document inviting the public to subscribe to a money circulation scheme."

In view of the above, the BoZ, the Financial Intelligence Centre (FIC) and the Drug Enforcement Commission (DEC) are collaborating to assess compliance of the activities of the company with the BFSA as well as the Prohibition and Prevention of Money Laundering Act, respectively.

A *money circulation scheme* is an unsustainable investment operation that pays returns to its investors from their own money or the money paid by subsequent investors, rather than from profit earned by the individual or organization running the operation. The *money circulation scheme* usually entices new investors by offering higher returns than other legitimate investments, which are usually in the form of short-term returns. Perpetuation of the high returns requires an ever-increasing flow of money from new investors to keep the scheme going.

The schemes are of various forms, but all promise high returns to individuals who are recruited by depositing money into an account after which they are issued with a purported investment document.

The public is warned to desist from getting involved in such illicit activities and is urged to be cautious with any investment that promises huge returns without underlying economic activity. Further, the public is advised to only deal with financial service providers licensed by the BoZ, the Securities and Exchange Commission or the Pensions and Insurance Authority.

For further information and clarifications contact:

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