Bank *of* Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DG/prs/bp

January 10, 2025

CB Circular No. : 03/2025

To : All Heads of Commercial Bank
All Heads of Deposit Taking Non-Bank Financial Institution

REQUEST FOR COMMENTS ON THE DRAFT BANKING AND FINANCIAL SERVICES (DEPOSIT PROTECTION) DIRECTIVES, 2025

The Bank of Zambia is in the process of developing a legal framework to operationalize the Deposit Protection Fund, which aims to protect depositors' funds in the event of a failure of a deposit-taking financial institution. This initiative will contribute to the stability of the financial system by providing assurance to depositors regarding immediate access to protected funds in such events.

In this regard, the Bank has developed the draft Banking and Financial Services (Deposit Protection) Directives, 2025, to operationalize the Fund. The Directives shall be issued pursuant to Section 132(5) and in exercise of the powers contained in Section 167 of the Banking and Financial Services Act, 2017.

The Bank, therefore, requests your respective institutions to review and provide comments on the draft directives in the format and manner outlined in the attached review template.

The comments should be submitted by January 22, 2025 to Mr. Vincent Suze: vsuze@boz.zm, Mr. Chimwemwe Munthali: cmunthali@boz.zm, Ms. Naomi Lungu: nlungu@boz.zm and a copy sent to your respective Desk Officers.

Francis Chipimo (PhD)
DEPUTY GOVERNOR

cc Governor
Director – Prudential Supervision

Bank of Zambia

COMMENTS ON THE DRAFT BANKING AND FINANCIAL SERVICES (DEPOSIT PROTECTION) DIRECTIVES 2025

NAME OF INSTITUTION: ________________________________

*Please add more rows under each Directive if you have more comments

Directive No.	Sub Directive	Current Provision	Proposed Amendment	Rationale for Proposed Amendment	Proposed action	Other Comment
PART I PRELIMINARY PROVISIONS						
Directive 1: Short title						
Directive 2: Interpretation						
Directive 3: Application						
PART II – THE DEPOSIT INSURANCE SCHEME						
Directive 4: Establishment of the Scheme						

Directive No.	Sub Directive	Current Provision	Proposed Amendment	Rationale for Proposed Amendment	Proposed action	Other Comment
Directive 5: Objectives of the Scheme						
Directive 6: Membership of the Scheme						
Directive 7: Cessation of Membership						
Directive 8: Effect of Cessation						
PART III THE DEPOSIT PROTECTION FUND						
Directive 9: Establishment of the Fund						
Directive 10: Sources of Funds						
Directive 11: Investment of the Fund						
Directive 12: Target Fund Size						
Directive 13: Application of the Fund						

Directive No.	Sub Directive	Current Provision	Proposed Amendment	Rationale for Proposed Amendment	Proposed action	Other Comment
Directive 14: Premiums to the Fund						
14.1 Initial Premium						
14.2 Annual Premium						
14.3 Special Premium						
14.4 Risk Based Premium						
14.5 Premium Default						
14.6 Non Transfer of Premium Cost						
Directive 15: Prohibition of Premium Costs						
Directive 16: Emergency Funding						
Directive 17: Exclusions						

Directive No.	Sub Directive	Current Provision	Proposed Amendment	Rationale for Proposed Amendment	Proposed action	Other Comment
PART IV COVERAGE AND DEPOSITOR REIMBURSEMENT						
Directive 18: Coverage Limit						
18.1: Extent of Cover						
18.2: Coverage of Joint Accounts						
18.3: Coverage Rules for Trusts						
18.4: Coverage for Mergers or Amalgamations						
18.5: Limitation of Claim						
Directive 19: Depositor Reimbursement						
Directive 20: Currency Reimbursement						
Directive 21: Subrogation						
PART V FINANCIAL STATEMENTS OF THE FUND						

Directive No.	Sub Directive	Current Provision	Proposed Amendment	Rationale for Proposed Amendment	Proposed action	Other Comment
Directive 22: Books of Accounts and Records						
Directive 23: Audits						
Directive 24: Annual Reports						
PART VI GENERAL PROVISIONS						
Directive 25: Public Awareness						
Directive 26: Submission of Information						
Directive 27: Appointment of Agent						
Directive 28: Assignment						
Directive 29: Penalty for Non-Compliance						
Directive 30: Duties and Powers of the Bank						