



Bank of Zambia

**OPENING REMARKS BY MR. CHRISTOPHER MVUNGA -
GOVERNOR OF THE BANK OF ZAMBIA AT THE 1ST LEGAL
SYMPOSIUM HELD AT AVANI HOTEL, LIVINGSTONE**

**THEME
ZOOMING IN ON FINANCIAL SECTOR REGULATION**

22ND TO 23RD APRIL 2021

Director General-Financial Intelligence Center
Representatives from Pensions and Insurance Authority
Representatives of Securities and Exchange Commission
Directors from Bank of Zambia
Commercial Banks Compliance and Legal Personnel
Distinguished Guests
Staff from the Bank of Zambia
Ladies and Gentlemen

It is my pleasure and privilege to welcome you all to Livingstone and to the first Bank of Zambia Legal Symposium under the theme ‘Zooming in on Financial Sector Regulation’.

The Symposium is being held within the broader scope of enhancing the regulatory mandate of the Bank of Zambia to promote the safety, soundness, and efficient operations of the financial system and to foster financial inclusion. This is an appropriate platform for the Bank of Zambia to interact with legal and compliance departments of regulated entities to achieve the following specific objectives:

- To raise awareness about the salient laws and regulations pertaining to the sector;
- To obtain feedback on these laws with a view to refining and making improvements; and
- To improve compliance levels to laws and regulations sector wide.

In addition, the presence of the three financial sector regulators as well as Financial Intelligence Center at this symposium is an opportune time for us all to thoroughly interrogate laws and regulations in the sector.

Let me hasten to point out that close collaboration has numerous attendant benefits. It is for this reason that the Legal Symposium will become a regular event on the Bank of Zambia calendar to enhance collaboration among regulators and the regulated institutions.

Ladies and Gentlemen, before I delve into details of the workshop, allow me to make a few remarks on the macroeconomic challenges being faced by the Zambian economy. These challenges are reflected in the slow economic growth, high fiscal deficits, rising inflation and huge debt service obligations as well as low international reserves. The situation has been compounded by the outbreak of the COVID-19 pandemic, which has resulted in unprecedented global public health and economic downturn. As we already know, the financial sector has not been spared from the effects of the COVID-19 pandemic.

Ladies and Gentlemen, to cushion the impact of the challenges, the Bank of Zambia formulated measures to safeguard financial system stability, promote the usage of digital financial services and mitigate the negative effects of the shock on the economy. Notable among these measures are:

- Establishment of the Targeted Medium-Term Refinancing Facility to provide medium term liquidity to the economy;
- Scaling up of open market operations to provide short-term liquidity support to commercial banks on more flexible terms than those obtaining before the outbreak of COVID-19;

- Revised loan classification and provisioning rules through issuance of new Directives to replace Statutory Instrument No. 142 of 1996 Classification and Provisioning of Loans; and
- Revised rules governing the operations of the interbank foreign exchange market to support its smooth functioning, strengthen market discipline and provide a mechanism for addressing heightened volatility in the exchange rate in periods of stress.

The Bank recognises that the prevailing challenges can be overcome through continued diligence and innovativeness of all stakeholders in the financial sector. We strongly believe that this symposium presents an opportunity for stakeholders to closely work together on ways to effectively respond and find lasting solutions to common challenges, by “zooming in on financial sector laws and regulations”, and therefore, ensure a robust financial system.

Ladies and Gentlemen, given the critical role that regulated entities play in the economy, the Bank intends to strengthen both the micro and macroprudential frameworks through a myriad of initiatives. Connected to these initiatives is the formulation of sound legal framework, to support the proper functioning of regulated entities.

Ladies and Gentlemen, let me underscore some of the developments in the legal framework that will be discussed in this symposium. As you may be aware, the Bank of Zambia has in the recent past facilitated amendments to the Banking and Financial Services Act culminating into the 2017 Act. The National Payment Systems Act 2007 is also undergoing revision. With regard to some of the subsidiary legislation promulgated in 2020, the Bank of Zambia issued the following directives:

- Bank of Zambia Prohibition Against Unwarranted Charges and Fees and Regulation of Specific Charges directives 2020;
- The National Payment Systems Directives on Domestic Automated Teller Machine, Point of Sale, Internet Transactions and Mobile Payments, 2020;
- The Banking and Financial Services (classification and provisioning of loans) Directives 2020; and
- The Bank of Zambia Customer Complaints Handling and Resolution Directives,2020.

These developments in legislation reflect the central bank's efforts to achieve both its financial system stability and financial inclusion mandates through sound legal frameworks. The developments will be discussed in detail and we need your honest feedback to improve sector wide compliance. I urge you all to be open and candid in your deliberations for us to thoroughly understand the concerns and pertinent issues needing the central bank's attention. As key stakeholders, your contribution to this process is paramount.

Ladies and Gentlemen, I have had the privilege of previewing the program for the Symposium, I am comforted by the broad spectrum of the topics to be covered. The program is focused on scrutinizing the laws and regulations of financial service providers supervised by the Bank of Zambia.

With these few remarks, it is now my honour and privilege to declare this symposium officially open and I wish you fruitful deliberations.