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GAZETTE NOTICE NO. 731 OF 2018

[8282565

Banking and Financial Service (Act No. 7 of 2017)

The Bank of Zambia Prohibition Against Unwarranted Charges and Fees Directives of 2018

1. PREAMBLE

The Bank of Zambia is charged with the responsibility of ensuring sound business practices and consumer protection mechanisms in the financial sector by the provisions of the Banking and Financial Services Act, No. 7 of 2017 (BFSA).

The Bank of Zambia has determined that the imposition of unwarranted charges and fees on the members of the public is an affront to the rights of the consumers of financial services.

The Bank of Zambia has also determined that the imposition of unwarranted charges and fees threatens strides towards financial inclusion in the country.

These Directives are made by the Bank of Zambia pursuant to the powers contained in section 167 of the Banking and Financial Services Act, No. 7 of 2017.

2. PURPOSE OF THE DIRECTIVES

The purpose of these directives is to isolate and prohibit the charges and fees which the Bank of Zambia deems unwarranted.

3. DEFINITIONS

“Bank” has the same meaning assigned to it under the Banking and Financial Services Act;

“Financial Service provider” has the same meaning assigned to it under the Banking and Financial Services Act;

“manager” means an officer of a financial service provider who is in a position to control, direct, or influence decision-making

“unwarranted charges and fees” means such charges and fees imposed by banks and financial institutions which the Bank determines to be unjustifiable and undermines consumer protection and financial inclusion.

4. APPLICATION OF DIRECTIVES

These Directives shall apply to all financial service providers operating in Zambia.

5. PROHIBITION OF UNWARRANTED CHARGES AND FEES

The imposition of charges and fees listed in Clause 8.0 by a financial service provider is hereby prohibited.

The Bank may prescribe additional charges and fees to constitute unwarranted charges and fees.

6. PUBLICATION OF THE DIRECTIVES

A financial service provider shall publicise the contents of this Directive to its customers.

7. SANCTIONS

General Penalty

A financial service provider that contravenes any provision of these Directives commits an offence and is liable upon conviction,

to a fine not exceeding two hundred thousand penalty units or to imprisonment for a period not exceeding two years, or to both.

Administrative Penalties

- (1) Notwithstanding the criminal sanctions provided for under Directive 7.1, the Bank may impose administrative sanctions on a financial service provider or a manager that contravenes the provisions of these Directives.
- (2) The administrative sanctions that the Bank of Zambia may impose may include any of the following:
 - (a) A caution not to repeat the conduct which led to the non-compliance with a provision of these Directives;
 - (b) A reprimand;
 - (c) A directive to take remedial actions or to make specific arrangements to redress the identified non-compliance;
 - (d) A restriction or suspension of certain specified business activities;
 - (e) A suspension of licence for a period not exceeding six months;
 - (f) A suspension from office for a period not exceeding six months;
 - (g) A removal from office;
 - (h) Publication of a public notice of any prohibition or requirement imposed by the Bank under this part and of any rescission or variation thereof and the notice made if the Bank considers necessary will include a statement of the reason for the prohibition, requirement, variation or rescission;
 - (i) A fine not exceeding two hundred thousand penalty units.

8. UNWARRANTED CHARGES AND FEES

The following charges and fees are deemed to be unwarranted and are hereby prohibited:

1. Charge for account opening for both local and foreign currency.
2. Charge for over-the-counter cash deposits and charge for over-the-counter withdrawals (where the amount and or denominations being withdrawn cannot be dispensed by the ATMs).
3. Charge for cash deposit made by a third party into a customer's account.
4. Automated Teller machine (ATM) surcharge.
5. Charge for cash deposit on Automated Teller machine.
6. Charge for aborted ATM cash withdrawals.
7. Charge for ATM pin reset.
8. Charge on a basic Savings Account (without cheque book) operating within contractual terms.
9. Monthly maintenance fees on basic savings accounts (without cheque book).
10. Charge for transfer of funds between retail accounts domiciled in the same bank.
11. Charge for transfer of an account from one branch to another branch of the same bank.

12. Point of Sale (POS) transaction (own bank customer and other bank customers).
13. Additional charges arising from an initial charge generated by the bank (where a customer's account has been overdrawn by a debit transaction initiated by the bank, the customer will not incur charges for the overdrawn balance).
14. A charge for closure of a customer's account, which has operated for more than six months.
15. Charge for re-activating a bank account.
16. Charge for statement of account upon closing of the account, provided the customer has not received a free statement for the month.
17. Charge for Monthly Account Statement (customers are entitled to a free statement per month. However, a charge may apply for any additional statement).
18. Charge for balance and other account inquiries by a customer over the counter or any electronic platform.
19. Initial debit card issuance fees.
20. Debit card maintenance and renewal fees (annual, quarterly or monthly).
21. Charge on inward local fund transfers including on RTGS system and Electronic Funds Transfer (EFT).
22. Charge on inward international funds transfer where the remitter bears the full cost.
23. Charges for amendment or cancellation of a standing order.
24. Ledger fees per entry on a current or savings account.
25. Commission on turnover activities on the account.
26. Fees on debit transactions.

9. EFFECTIVE DATE OF DIRECTIVES

These Directives shall come into force on such day as the Bank shall prescribe.

29th/08/ 2018

B. K. E. NG'ANDU (DR),
Deputy Governor - Operations

GAZETTE NOTICE NO. 732 OF 2018

[8282564

The National Payment Systems Act
(Act No. 1 of 2007)

The National Payments Systems Directives on Processing of Direct Debit and Credit Instructions and funds transfers on the Zambia Interbank Payment Settlement System, 2018

PREAMBLE

WHEREAS, the Bank of Zambia is entrusted with the responsibility of regulating, overseeing and maintaining an efficient and safe payment system in Zambia.

WHEREAS, the processing of direct debit and credit clearing (DDACC) instructions and funds transfers on the Zambia Interbank Payment Settlement System (ZIPSS) is an integral part of the instruments of payment in Zambia; and

WHEREAS, the Bank of Zambia continues to act in furtherance of enhanced safety and efficient processes related to direct debit and credit clearing (DDACC) instructions and funds transfers on the Zambia Interbank Payment Settlement System (ZIPSS).

NOW THEREFORE, in exercise of its powers contained in section forty-three of the National Payment Systems Act, the following Directives are hereby made:

PART I

PRELIMINARY

Short title

1. These Directives may be cited as the National Payments Systems Directives on Processing of Direct Debit and Credit Clearing (DDACC) Instructions and Funds Transfers on the Zambia Interbank Payment Settlement System (ZIPSS), 2018.

Interpretations

2. In these Directives unless the context otherwise requires—

“Act” means the National Payment Systems Act, 2007;
“Agent” means a person or entity appointed by a Designated Institution to provide direct debit and credit clearing/electronic funds transfer related services on its behalf;

“Bank” means the Bank of Zambia established under Article 213 (1) of the Constitution of the Republic of Zambia and section 3 of the Bank of Zambia Act;

“Designated Institution” means an institution authorised by the Bank to provide funds transfer related services in Zambia through Direct Debit and Credit Clearing (DDACC) or the Zambia Interbank Payment Settlement Systems (ZIPSS).

“Person” shall have the meaning as assigned in the Act;

“Straight-through-processing” means an initiative used to optimize the speed at which transactions are processed through the use of a set of operations and technology solutions that eliminate manual processes.

3. All other capitalized terms used herein and not otherwise defined in these Directives shall have the same meanings as those defined in the Act.

Application

4. These Directives shall apply to Commercial Banks, Bank of Zambia and to any person conducting or offering to conduct the service of Processing of Direct Debit and Credit Clearing (DDACC) Instructions or funds transfers on the Zambia Interbank Payment Settlement Systems (ZIPSS).

Authority of the Bank

5. (1) The Bank shall be the regulatory authority for the purposes of giving effect to these Directives.

(2) The Bank may, subject to such conditions as it may consider necessary, delegate to any person the performance of any of the powers conferred upon the Bank, in these Directives.

(3) The Bank may require a designated institution to furnish it with details of any of its operations.

(4) The Bank may require access to the designated institution's operations, data and Agents.

PART II

SERVICE STANDARDS AND RESPONSIBILITIES

6. Each person providing funds transfer related services in Zambia through Direct Debit and Credit Clearing (DDACC) or the Zambia Interbank Payment Settlement System (ZIPSS) shall

- (a) ensure that the person's customers are aware of the person's obligations provided in Schedules I, II, III and IV.
- (b) ensure that the person's customers are aware of their obligations provided in Schedules II, III and IV.
- (c) display Schedules I, II, III and IV prominently at every place where the person offers the service.
- (d) comply with the person's obligations stipulated in Schedules I, II, III and IV.

PART III

PENALTIES FOR NON-COMPLIANCE WITH DIRECTIVES

7. A person that contravenes these directives shall be guilty of an offence and shall be liable to a fine not exceeding two hundred thousand penalty units or for a term of imprisonment not exceeding three years, or both.