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No 15

Central Bank Acts
of

Botswana, Kenya, Lesotho, South Africa,
Swaziland, Tanzania, Zambia, Zimbabwe,
and the Federal Republic of Germany

Materials to Working Document No 14

compiled by

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Preface

Following the Namlaw workshop, held at the Faculty of Law of the University of Zimbabwe,¹ the Namlaw Project set out on the task of preparing a comparative study of the Central Bank Laws of various countries. The aim of the study was to provide some guidelines in drafting a Central Bank Act² for Namibia after independence.

The laws of nine countries were chosen for purposes of this study. The choices were made on the basis of various considerations. In some cases the countries are similarly situated as or closely linked to Namibia. In other cases the view was that certain aspects of the countries' laws might be useful in Namibia even though the countries chosen do not have either similarity or particular ties or even proximity to Namibia.

The Central Bank Acts of Botswana, Swaziland and Lesotho were chosen because these countries are - or used to be - members of the "Rand Monetary Zone". The Reserve Bank of Zimbabwe Act and the Statute of Zambia were chosen because these countries play a specific role in the Frontline family and in their efforts to overcome the dependency on South Africa. The Tanzanian and Kenyan Statutes which are similar even though the two East African states have different economic systems were taken into account; it was the considered opinion that the laws may be useful in the Namibian situation. Reference was made to the West-German Statute as this statute contains provisions which could serve as guides in developing the structure and role of financial institutions. The Reserve Bank of South Africa was also considered because the South African law has been applying in Namibia. The use of the laws of the German Democratic Republic, and those of Yugoslavia were considered; but unfortunately the statutes of these countries were not available in English.

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1 H Streitberger (compiler), Namlaw Project Workshop, Harare 28 - 30 June 1988. Documentation, Part I (Namibia Papers, Working Documents No 5. Bremen 1988)

2 The reference here is to the "possible policy guidelines" for the "formulation and implementation of sound monetary and fiscal policies". The need for such guidelines was pointed out in the comprehensive study on Namibia by the United Nations Institute for Namibia. See United Nations Institute for Namibia, Namibia: Perspectives for National Reconstruction and Development. Lusaka 1986:692ff

Bremen, June 1989

ZAMBIA:

Bank of Zambia Act

THE BANK OF ZAMBIA ACT

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BANK OF ZAMBIA

An Act to provide for the establishment, constitution, duties and powers of the Bank of Zambia as the Central Bank; to impose and confer on the Bank duties and powers for the protection of the internal and external value of the currency, and for other matters to do with currency and banking; and to provide for incidental matters.

33 of 1964
59 of 1967
26 of 1969
34 of 1969
41 of 1971
Government Notice
497 of 1964
Statutory Instrument
159 of 1965

[Sections 1-18, 20-22, 23 (n), 24 and 34—7th August, 1964]

[Sections 23 (a), (b), (c), (i), (j), (k), (l), (m), (o), (p), (q), and (s), 27 and 33—1st November, 1964]

[Sections 26 and 31—16th November, 1964]

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[Sections 23 (f), (g) and (h), 25, 28, 29, 30 and 32—1st March, 1965]

[Section 19—24th June, 1965]

[Section 36—22nd December, 1967]

[Section 35—8th August, 1969]

PART I

PRELIMINARY

- 1. This Act may be cited as the Bank of Zambia Act.

Short title

- 2. (1) In this Act, unless the context otherwise requires—
“Bank” means the Bank of Zambia established by section three;

Interpreta-
tion

- “Bank of Rhodesia and Nyasaland” means the bank of that name established by the Bank of Rhodesia and Nyasaland Act, 1956;

“Board” means the Board of Directors set up under section five;

“commercial bank” means any person who is registered as a commercial bank under the provisions of the Banking Act;

“currency”, in relation to the currency of the Republic, means the notes and coins issued by the Bank current as legal tender, and in relation to currency of a country outside Zambia, means the notes and coins current as legal tender in that country;

“demand liabilities” means liabilities which, when they are created, are made payable within thirty days or are made subject to less than thirty days’ notice before payment;

“director” means a member of the Board and includes the Governor and Deputy Governor;

“Governor” and “Deputy Governor”, mean, respectively, the Governor and Deputy Governor of the Bank provided for in section six;

“liabilities to the public”, in relation to a commercial bank, means all claims against that commercial bank payable on demand or on a determinable future date and, in relation to the Bank, means all such claims, including notes and coins which the Bank has issued or for which it assumes liability under this Act;

“time liabilities” means liabilities which, when they are created, are made payable after thirty days or are made subject to not less than thirty days’ notice before payment.

(2) So far as the context admits, references in this Act to the Bank include the Bank acting by resolution of the Board.

(As amended by S.I. No. 159 of 1965, No. 59 of 1967 and No. 41 of 1971)

Cap. 700

PART II

ESTABLISHMENT AND ADMINISTRATION

3. There is hereby established the Bank of Zambia, a body corporate with perpetual succession, with a common seal, which, subject to the provisions of this Act, shall be capable of suing and of being sued, and of doing all things which are within the capacity of a body corporate.

4. The chief office of the Bank shall be in Lusaka, and the Bank may have branches in Zambia, and agents and correspondents in and outside Zambia.

5. A Board of Directors shall be responsible for the policy and administration of the affairs and business of the Bank, and the Board shall consist of a Governor, a Deputy Governor, and seven other directors.

6. (1) The Governor and Deputy Governor, being persons of recognised financial experience, shall each be appointed by the President after consultation with the Minister, for a term not exceeding five years, and they shall be eligible for reappointment.

(2) The Governor and Deputy Governor shall be appointed on terms and conditions approved by the Minister, but those terms and conditions shall not be altered to their disadvantage after they have been appointed.

(3) The Governor and Deputy Governor shall not hold any other office or employment, whether remunerated or not, save as may be approved by the Minister.

(4) The Governor, or in his absence, the Deputy Governor, shall have charge of the day-to-day management of the Bank, and he shall be answerable to the Board accordingly, and as the Board may resolve.

(As amended by S.I. No. 159 of 1965)

7. (1) The six directors of the Bank, other than the director appointed under subsection (4), shall be appointed by the Minister, and may be removed by the Minister for good cause.

(2) A director shall be a person of recognised standing and experience, but, as a director, shall not be regarded or act as a delegate of any interest with which he is or has been connected, and he shall not accept directions from any such interest, save as provided by subsection (4).

(3) A director appointed under subsection (1) shall, subject to the provisions of the said subsection, hold office for three years, be eligible for reappointment, and entitled to fees and allowances as determined by the Board, subject to the confirmation of the Minister.

(4) The Minister shall appoint the Permanent Secretary, Ministry of Finance, to be a director, but the director so appointed shall not have a vote at meetings of the Board, and he shall not be counted for a quorum of directors.

(5) The Minister may appoint an alternate member to the Permanent Secretary, Ministry of Finance, and such alternate may attend at any meeting when the said Permanent Secretary is unable to attend.

Establishment of Bank

Chief office and branches

Board of Directors

Governor and Deputy Governor

Directors

8. (1) No person shall be Governor, Deputy Governor or a director who is—

- (a) a member of the National Assembly;
- (b) a director, employee or shareholder of any commercial bank which carries on business in Zambia, save in terms of subsection (2); or
- (c) an officer in the public service, save as provided by subsection (4) of section seven.

(2) The Board may nominate, and vote for the appointment of, any director (including the Governor or Deputy Governor) or employee of the Bank as a director of any commercial bank in which the Bank is a shareholder, and such nominee may hold any shares necessary to qualify as such director.

(No. 26 of 1969 as amended by No. 41 of 1971)

Disqualifications

Meetings of Board

9. (1) Meetings of the Board shall be called by the Governor, or, in his absence, by the Deputy Governor, or, in the absence of both of them, by a director nominated in that behalf by the Governor, and shall be held not less often than once in each of any ten months in every financial year of the Bank.

(2) The Governor, or, in his absence, the Deputy Governor, shall be chairman of meetings of the Board, and, if both of them are absent from a meeting, the directors present shall elect one of their number to be chairman of that meeting.

(3) When the number of directors appointed under subsection (1) of section seven, together with the Governor and Deputy Governor, exceeds four, the quorum necessary for the transaction of the business of the Board shall be four, and, when the number of directors is four or less, such quorum shall be all the directors.

(4) Questions arising at meetings of the Board shall be decided by a majority of the votes of the directors present and voting, save as provided by subsection (4) of section seven, and, in the event of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(5) The Board shall cause minutes to be made in books provided for that purpose—

- (a) of all appointments of staff made by the Board;
- (b) of all resolutions and proceedings of meetings of the Board, and of committees of directors; and
- (c) of the names of the directors present at each meeting of the Board.

(6) The Board may delegate their powers to committees consisting of such members of their body as the Board think fit, and subject to such regulations as the Board may prescribe.

(7) The seal of the Bank shall only be affixed to an instrument on the authority of a resolution of the Board, and in the presence of at least two directors, and those two directors shall sign every instrument to which the seal of the Bank is so affixed in their presence.

10. (1) The Minister may, after consultation with the Governor, give directions to the Bank, and the Bank shall comply with such directions.

(2) Any direction given by the Minister under subsection (1) shall be in writing, and open to the inspection of the Board.

11. (1) The Bank may appoint staff for the conduct of its business, fix their remuneration, determine their duties, and suspend and dismiss them.

(2) The Bank may provide benefits for and in respect of those of its staff who retire or die, or their surviving dependants, upon such conditions as it may determine, by way of pensions funds or other means, but the management and investment of any funds set up under this subsection shall not be a part of the business of the Bank within the meaning of this Act.

12. The Bank may construct, purchase, take on lease, or otherwise acquire for the conduct of its business, and for the residence of the Governor, the Deputy Governor and its staff, any property whatsoever, and may manage, insure, sell, lease or otherwise dispose of that property.

13. (1) No person shall take or use any name or description which might suggest purposes or functions for which the Bank is by this Act established.

(2) Subsection (1) is in aid and not in derogation of all material dispositions and powers contained in the Registration of Business Names Act and the Companies Act.

14. The Bank may make by-laws for the conduct and management of its affairs and business, but such by-laws shall be subject to the approval of the Minister, and, upon his approval, shall be sealed with the seal of the Bank, and published in the *Gazette*.

PART III

ACCOUNTS AND STATEMENTS

15. The financial year of the Bank shall begin on the 1st January and end on the 31st December.

16. The profits of the Bank shall not be liable to any tax imposed on income or profits.

17. (1) The Bank shall cause true and full accounts and records to be kept of all its transactions, and the books of account and records shall be kept at its chief office, and shall always be open to the inspection of the directors.

(2) The accounts of the Bank shall be audited annually by a professionally qualified auditor appointed by the Bank with the approval of the Minister.

18. (1) Within three months of the close of each financial year, the Bank shall deliver to the Minister the annual statement of its accounts for that year, certified by the auditor, and a report of its operations during that year, and it shall publish the report on the authority of the Minister.

Property

Restriction on names

Cap. 687 Cap. 686

By-laws

Financial year

Exemption from taxes

Accounts and audit

Annual report

(2) The Minister shall cause the annual statement of accounts and the report to be laid before the National Assembly, and shall cause the annual statement of accounts to be published in the *Gazette*.

19. The Bank shall deliver to the Minister a return of its assets and liabilities whenever he so requires, and, in any event, after the last working day of each month the Bank shall make up and publish a return of its assets and liabilities as at the close of business on that day, and shall deliver that return to the Minister, who shall cause it to be published in the *Gazette*.

Interim returns

PART IV

CAPITAL AND RESERVES

20. (1) The authorised capital of the Bank shall be two million kwacha, which shall be issued only to the Government.

Capital

(2) The authorised capital of the Bank may be increased to such extent and in such manner as the Bank, with the consent of the Minister, may determine, and the amount of any such increase shall, on issue of the capital, be paid up in full by the Government.

(As amended by *No. 59 of 1967)

21. (1) The Bank shall determine its net profits for each financial year after meeting all current expenditure for that year, and providing for bad and doubtful debts, depreciation of assets, contributions to staff and pension funds, and contingencies.

Profits

(2) Subject to section *twenty-two*, the net profits of the Bank shall be paid to the Government.

General reserve fund

22. (1) The Bank shall maintain a general reserve fund to which shall be allocated, after consultation with the Minister, at the end of each financial year of the Bank—

(a) not less than one-quarter of the net profits of the Bank for that year when the general reserve fund does not exceed the authorised capital of the Bank;

(b) not less than one-eighth of the net profits of the Bank for that year when the general reserve fund exceeds the authorised capital of the Bank and is less than three times that capital.

(2) With the consent of the Minister, the Bank may make further allocations from time to time out of net profits to increase the general reserve fund to beyond three times the authorised capital of the Bank.

* These amendments are deemed to have come into force on 16th January, 1968. (S.I. No. 439 of 1967.)

PART V

THE BUSINESS OF THE BANK

23. In addition to the duties and powers imposed and conferred by this Act, the Bank may—
Permitted business

- (a) issue demand drafts and effect other kinds of remittances payable at its own offices or at the offices of agents and correspondents;
- (b) buy and sell gold coin and gold bullion;
- (c) open accounts for and accept deposits from the Government, funds, institutions, corporations and authorities established or controlled by the Government, banks and other credit institutions in Zambia, and, with the consent of the Minister, other persons;
- (d) buy, sell, discount and rediscount—
 - (i) inland bills of exchange and promissory notes drawn for commercial purposes or for financing the movement, marketing or processing of agricultural produce or minerals and in all cases bearing two or more good signatures; and
 - (ii) treasury bills of the Government;
- (e) buy and sell securities of the Government maturing in not more than twenty-five years at the time of dealing which have been publicly offered for sale;
- (f) with the consent of the Minister—
 - (i) subscribe for, hold and sell stock and shares of any corporation set up with the approval or under the authority of the Government to finance economic development, save that the total investment of the Bank in such stock and shares shall not at any time exceed twenty-five per centum of the aggregate of the issued capital of the general reserve fund of the Bank;
 - (ii) subscribe for, buy or otherwise acquire stock, shares, debenture stock and debentures of any company or corporation carrying on the business of banking or incorporated for the purpose of carrying on such business (whether or not in conjunction with any other business) in Zambia, and hold and continue to hold the same and, without such consent, sell, mortgage, charge or otherwise dispose of or deal with the same and any right or rights whatsoever from time to time conferred upon, or exercisable by, a holder of any such stock, shares, debenture stock or debentures;
- (g) grant advances against publicly issued treasury bills of the Government;

- (h) grant advances against promissory notes secured by the pledge with the Bank of—
 - (i) gold coin or gold bullion;
 - (ii) securities of the Government which have been publicly offered for sale and maturing in not more than twenty-five years, at the time of the pledge, save that no advance so secured shall exceed seventy-five per centum of the market value of the security pledged and that the total of such securities held by the Bank, whether under this sub-paragraph or otherwise, shall not at any time exceed twenty-five per centum of the total demand liabilities of the Bank;
 - (iii) such bills of exchange and promissory notes as may be bought, discounted or rediscounted by the Bank, save that no advance so secured shall exceed seventy-five per centum of the nominal value of the pledged instruments;
 - (iv) warehouse warrants, or other documents of title to staple commodities or other goods, duly insured, and with a letter of hypothecation from the owner, save that no such advance shall exceed sixty per centum of the current market value of the commodities or goods;
- (i) in the event of a debt due to the Bank becoming endangered, secure the debt on the real and other property of the debtor, and acquire that property, but such security and property shall be held no longer than is necessary;
- (j) buy and sell external currencies, and buy, sell, discount and rediscount foreign bills of exchange and foreign treasury bills, maturing within one hundred and eighty-four days, exclusive of days of grace, from the date of acquisition;
- (k) buy and sell securities of any country outside Zambia whose currency is sterling or is convertible into gold or sterling, and issued or guaranteed by the Government of that country, and securities issued by international financial institutions of which Zambia is a member, and expressed in sterling or a currency which is convertible into gold or sterling;
- (l) maintain accounts with central banks and other banks abroad, and act as correspondent, banker or agent for any central or other bank or other monetary authority and for any international bank or international monetary authority established under governmental auspices;
- (m) borrow any foreign currency which it may deem expedient to acquire in such manner, at such rates of interest and upon such terms and conditions as the Minister may approve;
- (n) undertake the issue and management of loans publicly issued in Zambia by the Government or institutions, corporations and authorities established or controlled by the Government;
- (o) accept from customers for custody securities and other articles of value;

- (p) undertake on behalf of customers and correspondents the purchase, sale, collection and payment of securities, currencies and credit instruments in and outside Zambia, and the purchase and sale of gold;
- (q) provide facilities for the clearing of cheques and like instruments for banks carrying on business in Zambia, and for this purpose organise a clearing system in Lusaka and elsewhere;
- (r) act as banker to other banks in and outside Zambia;
- (s) subject to the express provisions of this Act, generally conduct business as a bank, and do all such things as are incidental to or consequential on the discharge of its duties and the exercise of its powers under this Act.

(As amended by No. 26 of 1969)

24. The Bank shall not—

- (a) except as expressly authorised by this Act, engage in trade or otherwise have a direct interest in any commercial, agricultural, industrial or like undertaking, save as the Bank may acquire as security for, or in satisfaction of, debts due to it, and any interests so acquired shall be held only for so long as is necessary;
 - (b) except as provided for in paragraph (f) of section twenty-three, buy the stock or shares of any corporation or company;
 - (c) grant loans upon the security of the stock or shares of any corporation or company;
 - (d) purchase, take on lease, or otherwise acquire real property as an investment or by way of trade:
- Provided that nothing in this paragraph shall operate to prevent the Bank from letting or sub-letting part of any building which is used for the purpose of conducting its business;
- (e) draw or accept bills payable otherwise than on demand;
 - (f) allow the renewal or substitution of a maturing bill of exchange bought, discounted or rediscounted by or pledged with the Bank save in exceptional circumstances when, with the particular approval of the Board, the Bank may authorise one renewal or one substitution only, as the case may be, of not more than fifty per centum of the original amount of the bill, for a period not exceeding ninety days;
 - (g) pay interest on the balances of current accounts;
 - (h) accept for discount, or as security for any advance, bills, or notes signed by a director, or by a member of the staff of the Bank.

(As amended by No. 26 of 1969)

25. The Bank shall fix and at all times make public its minimum rates for discounts and rediscounts.

Prohibited business

Minimum discount and rediscount rates

PART VI

EXTERNAL RESERVE

26. (1) The Bank shall at all times maintain an external reserve consisting of gold coin or gold bullion or special drawing rights or other assets expressed in sterling or in currencies convertible into gold or sterling.

External reserve

(2) The value of the external reserve shall be not less than fifty per centum of the total of notes and coins in circulation and other demand liabilities of the Bank as at the 25th June, 1965, and thereafter shall be equal to fifty per centum of such liabilities established on that day together with not less than twenty-five per centum of any increase in such liabilities.

(3) The Minister may suspend the operation of subsection (2) for a period not exceeding sixty days, and may extend that period for further periods not exceeding sixty days each, but no such suspension shall continue for longer than six months, save by resolution of the National Assembly.

(4) Any loss suffered by the Bank as a result of depreciation in any of the assets forming part of the external reserve caused by a change in the par value of the kwacha, or in the par values of foreign currencies, or the value of gold in relation to the kwacha shall be paid by the Government to the Bank, and any profit accruing to the Bank as a result of appreciation in such assets shall be paid by the Bank to the Government.

(5) A certificate by the auditor of the Bank as to the amount of the profit accrued to or loss suffered by the Bank shall be proof of the amount of such profit or loss under subsection (4).

(6) In this section—

"special drawing rights" means special drawing rights held by the Bank on behalf of the Government in the special account authorised by section six (2) of the Bretton Woods Agreements Act.

Cap. 625

*(As amended by S.I. No. 159 of 1965, *No. 59 of 1967 and No. 34 of 1969)*

PART VII

RELATION TO THE GOVERNMENT

27. (1) The Bank shall be banker to the Government, save in such exceptional instances as the Minister may determine, and save that, in any centre where the Bank has no branch, the Government may maintain accounts with other banks.

Government banker

(2) The Bank may act as agent for and financial adviser to the Government.

28. (1) Notwithstanding any other provision of this Act, the Bank may grant loans and advances to the Government, but the total outstanding amount of such loans and advances shall not at any time exceed twenty per centum of the estimated recurrent revenue as laid before the National Assembly for the financial year of the Government in respect of which the loans and advances are granted.

Advances to Government

* These amendments are deemed to have come into force on 16th January, 1968. (S.I. No. 439 of 1967.)

(2) Any loan or advance granted under subsection (1) shall be repaid as soon as may be, and in any event within three months of the end of the financial year in respect of which it was granted, and, if that loan or advance is not by then repaid, the Bank shall not have power to grant further loans and advances under subsection (1) until it is repaid.

PART VIII

COMMERCIAL BANKS

29. (1) The Bank may prescribe from time to time by statutory notice—

- (a) the minimum amount of liquid assets which each commercial bank is required to hold; and
- (b) the minimum reserve balance which each commercial bank shall maintain with the Bank.

Minimum liquidity ratios and reserve requirements

(2) The minimum amount prescribed in paragraph (a) of subsection (1) shall be expressed as a percentage of the liabilities to the public of each commercial bank, and the minimum reserve balance prescribed by paragraph (b) of that subsection shall be expressed as a percentage of the demand liabilities, together with a percentage of the time liabilities, of each commercial bank, arising out of its demand and time deposits, but no commercial bank shall be required to maintain higher percentages than any other commercial bank.

(3) If the Bank at any time increases any of the percentages referred to in subsection (2), every commercial bank shall be allowed not less than ten days in which to comply.

(4) The Bank may require any commercial bank to furnish such information in such form as the Bank may consider necessary to satisfy itself that the commercial bank concerned is complying with the provisions of this section.

(As amended by No. 41 of 1971)

30. (1) The Bank may from time to time require each commercial bank to deliver monthly returns of the total amount of its advances and bills discounted, and may from time to time prescribe a percentage of any increase in such total as may be shown in each succeeding return of each commercial bank, the amount of which shall be deposited with the Bank, after not less than ten days of notice so to do.

Control of advances

(2) The Bank may prescribe a maximum of the loans and advances which may be granted by any commercial bank for any period, either generally or in relation to any class of loan or advance which the Bank may specify.

31. The Bank may determine the rates at which persons who are authorised to deal in foreign exchange shall buy and sell sterling and other currencies.

Control of foreign exchange rates

32. The Bank may, with the consent of the Minister, by statutory notice, prescribe the minimum ratio which, after the expiration of six months from that notice, assets held in Zambia by commercial banks shall bear to their liabilities to the public in Zambia, but any variation of such a ratio shall not exceed five per centum in any one period of six months.

Local assets ratio

33. The Bank may appoint one or more commercial banks in Zambia to act as its agent for the issue, reissue, exchange and withdrawal of notes and coins, or for other purposes.

Commercial banks as agents

34. To the extent that any provision of, or any act done by the Bank under, this Act conflicts with any provision of, or any act done under, either the Bank of Rhodesia and Nyasaland Act, 1956, or the Banking Act, 1959, then the provision of, or the act done by the Bank under, this Act shall prevail.

Bank of Rhodesia and Nyasaland Act, 1956, and Banking Act, 1959

35. (1) The Bank, by one or more of its officers (herein referred to as inspectors), may periodically or at any time at its discretion inspect the accounts of any bank and shall, following such inspection, make a written report thereon and supply to such bank and to the Minister a copy thereof.

Inspection of banks

(2) The said inspectors may—

- (a) require any director, officer or employee of the bank in question to furnish such information as the inspectors may consider necessary to enable the true condition of the accounts of such bank to be ascertained;
- (b) require any such director, officer or employee to produce any books, records or other documents in his possession or under his control relating to the accounts of such bank;
- (c) examine witnesses on oath or affirmation, administered by them.

(No. 26 of 1969)

PART IX

LEGAL TENDER

36. (1) Currency notes and coins, other than coins of denominations of threepence, one penny or one halfpenny, issued by or for which liability was assumed by the Bank of Rhodesia and Nyasaland shall cease to be legal tender on the 31st December, 1967.

Certain currency to cease to be legal tender

(2) Currency notes and coins affected by subsection (1) may be redeemed at any time between the 22nd December, 1967, and the 31st December, 1967, but not after such last mentioned date.

(No. 39 of 1967)

SUBSIDIARY LEGISLATION

[SUBSIDIARY]

BANK OF ZAMBIA

CAP. 699

Section 29—THE BANK OF ZAMBIA (MINIMUM LIQUIDITY RATIO AND RESERVE REQUIREMENTS) NOTICE

Statutory
Instrument
124 of 1972

Notice by the Bank of Zambia

1. This Notice may be cited as the Bank of Zambia (Minimum Liquidity Ratios and Reserve Requirements) Notice, and shall come into operation on the 1st July, 1972.

Title and
commencement

2. Every commercial bank shall—

- (a) hold the minimum amount of liquid assets to the extent of twenty-eight per centum of its liabilities to the public;
- (b) maintain the minimum reserve balance with the Bank of Zambia to the extent of—
 - (i) twelve per centum of its demand deposit liabilities; and
 - (ii) eight per centum of its time deposit liabilities.

Minimum
liquidity
ratio and
reserve
requirements