



# Bank of Zambia

SIXTY YEARS OF RESILIENCE, STABILITY, AND PUSHING FOR GROWTH

By Andrew McDowel

**Z**ambia's economy, which has faced multiple crises over the years, is set to grow at its fastest rate in 13 years. The International Monetary Fund forecasts a 6.2 percent GDP increase for 2025, signaling a robust recovery from recent drought-induced challenges. In this dynamic environment, Zambia's banking sector has emerged as a pillar of resilience, with a recent PwC report lauding its "remarkable fortitude in the face of local and global challenges." With an industry return on equity of 30 percent in 2023—the highest among its regional peers—Zambia's financial system stands as a beacon of strength.

At the forefront of this success is the Bank of Zambia (BoZ). As the nation's central bank, BoZ celebrated its 60th anniversary in 2024, reflecting on decades of fostering financial stability, implementing sound monetary policy and pushing for economic growth.

"It is a special time as we reflect on this significant milestone," says BoZ Governor Dr. Denny Kalyalya. "We are positioning ourselves to support economic growth, employment and Zambia's re-elevation to middle-income status. Our approach is holistic, and we're committed to fostering sustainable and inclusive growth across sectors."

The BoZ's journey is one of sustained evolution and growth. Founded with a modest mandate, the bank quickly expanded its role, establishing its Research Department in 1967 to support data-driven policy decisions. By the mid-1970s, its workforce had grown significantly, reflecting its increasing responsibilities in exchange and trade controls. The 1991 watershed elections marked a pivotal moment, ushering in a wave of liberal economic reforms. Price controls and subsidies were abolished, the exchange rate was liberalized and economic growth became a top priority.

Since 1992, BoZ has focused on maintaining macroeconomic stability, with price stability as its cornerstone. The 2022 Bank of Zambia Act was another defining moment, reinforcing the bank's independence and clarifying its core



mandates: monetary policy, currency issuance and financial sector regulation. This legislation, following earlier reforms in 1994 and 2012, cemented the bank's operational autonomy, reducing political interference and boosting its credibility with global financial markets.

For six decades, BoZ has been a champion of financial inclusion, expanding access to financial services across Zambia. More recently, its mandate has been broadened to include Environmental, Social and Governance (ESG) considerations. Under Kalyalya's leadership, BoZ has embraced a green finance



Dr. Denny Kalyalya  
Governor

policy and implemented sustainability initiatives within its operations, including the installation of solar power plants at its offices (that is Head Office and Regional Office). These efforts underscore the bank's commitment to driving Zambia's socio-economic development while addressing global challenges like climate change.

"We are strengthening our focus on financial stability with an emphasis on environmental, social, and governance considerations," says Kalyalya. "Climate change directly impacts financial stability, so we are working closely with other regulators to advance this agenda."

The Bank's Strategic Plan for 2024-2027 builds on this legacy, outlining four key focus areas: price stability, financial stability, financial inclusion, and organizational resilience and growth. In its quest to enhance monetary policy transmission, BoZ is deepening the interbank money market and conducting comprehensive household and business surveys to better understand the impact of its policies.

On financial stability, BoZ is embedding ESG principles within the broader financial sector. The Bank is developing frameworks to guide financial institutions in improving their ESG performance and integrating these principles into supervisory practices. The Bank's updated Green Policy and new ESG framework will further enhance its sustainability agenda, while its focus on data management and cybersecurity aims to strengthen the resilience of Zambia's financial system.

The strides made in financial inclusion are significant. Between 2015 and 2020, Zambia's financial inclusion rate rose from 59.3 percent to 69.4 percent. By 2022, 73.1 percent of households were engaged in digital financial services. Despite these achievements, approximately 30 percent of the population remains unbanked. To address this gap, BoZ plans to launch a housing finance facility to increase access to affordable mortgages, alongside reforms in housing finance legislation. The bank also aims to harness technology to enhance financial safety and efficiency, with a particular focus on open finance frameworks and the continued growth of digital financial services.

"We have made great progress in gender mainstreaming, reducing the financial access gender gap to just 5.9 percent," Kalyalya notes. "Our primary driver of financial inclusion remains digital financial services, which have seen tremendous growth."

In its pursuit of organizational resilience, BoZ is prioritizing digital transformation. Plans include the development of a new data center and upgrades to its ICT systems, ensuring that the bank remains agile and efficient in a rapidly changing environment.

In August 2024, BoZ maintained its policy rate at 13.5 percent, balancing elevated inflation against moderate economic growth. This decision reflects the bank's measured approach to monetary policy, which has included several rate hikes in recent years to counter inflationary pressures and stabilize the exchange rate. As it has done for the past 60 years, BoZ remains steadfast in its mission to support Zambia's sustainable growth under Kalyalya's guidance.

"Zambia is a financially stable, reliable investment destination—a country you can trust," Kalyalya affirms. "With our advantageous regional positioning and liberalized exchange rate system, we are well-placed to drive trade and attract investment. The government's incentives in sectors like energy and irrigation further enhance our appeal. This is an opportune time for investors."

As BoZ marks its diamond anniversary, it continues to play a vital role in Zambia's economic narrative. From advancing financial inclusion to pioneering green finance, Bank of Zambia is not only a guardian of monetary policy, but a catalyst for transformative growth, poised to lead the nation into a prosperous future.



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