NSAMA AND COMPANY
Legal Practitioners

BANK OF ZAMBIA CURRENCY DIRECTIVES 2025

1.0 INTRODUCTION

On 26th December 2025, the Central Bank of Zambia also known as the Bank of Zambia (BOZ) issued the Currency Directives 2025 (the Directives) made pursuant to the provisions of sections 18 and 73 of the Bank of Zambia Act, 2022. These Directives are a follow up to an announcement made by the BOZ in February 2024 that it was considering taking measures to operationalize the use of the Kwacha and Ngwee for domestic transactions. Therefore, this article will address the significance of the Directives, the Exemptions from application of the Directives, Implementation, actions to consider by businesses and make a general conclusion.

2.0 SIGNIFICANCE OF THE DIRECTIVES

The Directives reinforces the status of the Kwacha and Ngwee as the sole tender in the Republic of Zambia and this applies to all persons inclusive of the Government. Therefore, settlement of goods and services within the Republic is expected to be made using the Kwacha and Ngwee only save for the exemptions provided for in the Directives.
This also extends to contracts and agreements which were already expressed in foreign currency, as the paying party will have to pay the kwacha equivalent at an agreed market rate and where parties do not agree on the market rate, then the prevailing Bank of Zambia mid-rates would be applicable.

3.0 EXEMPTIONS

The Directives provides for a number of transactions which are exempt and these are as follows:-

i. Taxes due to the Zambia Revenue Authority by the Mining Sector through sale of Foreign Currency; and

ii. Tolls due in Foreign currency to Government Agencies

Nothwithstanding the above exemptions, some transactions may be paid for in foreign currency or local currency and include the following:-

i. Payment of foreign debts expressed in foreign currency

ii. Financial services denominated in foreign currency or structured with a foreign currency component by Financial service providers regulated by BOZ

iii. Securities denominated in foreign currency or structured with a foreign currency component by capital market service providers regulated by the Securities and Exchange Commission (Securities Act No 41 of 2016)

iv. Insurance Policies denominated in foreign currency or structured with a foreign currency component by licensed Insurer.

v. Mining services involving payment of tolls, transactions involving inter and intra-company sale of minerals and processed minerals, payment to suppliers for highly specialized mining equipment and components and mining transactions involving engineering service.

vi. Payment by non-resident for tourism services offered by entities registered under the Tourism and Hospitality Act, 2015

vii. Production, transmission, distribution and trading of electricity

viii. Enclaves of foreign missions

ix. Exports and imports

x. Exports of agricultural products and gemstones through aggregators or auctions

xi. Payment by farmers to input suppliers for seeds, fertilizers, and chemicals supplied through trade credit

4.0 IMPLEMENTATION

All citizens and business entities undertaking business in the country are from 26th December 2025 expected to use the Kwacha and Ngwee for all domestic transactions save for those that come within the exemptions. Further, for on-going contracts and Agreement currently priced in dollars or other foreign currency, vendors or traders are expected to pay the kwacha equivalent at the agreed market rate and in default at the average BOZ foreign exchange market rate.

5.0 CONTRAVENTION OF THE DIRECTIVES

A failure to follow the Directives is punishable by a fine of 2500 penalty units of K1,000 (US$44) or imprisonment of up to 2 years or to both. Further, where a body corporate is convicted of an offence under the Directives, an individual/s who is/are directors and concerned with management or knowingly authorized or permitted the act or omission shall be deemed to have committed the offence unless they can show to a court that the act or omission was done without his/her knowledge, consent or connivance.

BOZ may also impose an administrative penalty as may be prescribed in the Directives against erring entities which penalties may go up to K400,000.00 (US$ 17,391).

6.0 ACTIONS TO CONSIDER BY BUSINESS

i. Business may consider reviewing all their existing contracts and agreements to ensure that they do not contravene the regulations by ensuring all settlements of payments going forward are made in Kwacha and Ngwee

ii. Business to undertake risk management on the impact of the Directives on current and future contracts as regards domestic transactions.

7.0 IMPLEMENTATION

The article has shown that it is now mandatory from 26th December 2025 for all domestic transactions to be made in kwacha and Ngwee save for those specific transactions falling under the exceptions. It was also noted that for those foreign exchange priced contracts or agreements which were entered into before the coming into force of the Directives, the parties would have to convert to the kwacha equivalent at the date of settling payments as long as the payments are to be made after the effective date. The Directives also provide penal sanctions for failure to adhere to the provisions which are a fine, imprisonment or both. Therefore, all individual, corporate and unincorporated entities are required to adhere to the provisions of the Directives to avoid unnecessary penalties and business disruption.

Should you require more information on this and other changes please use the contacts below

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