

*Presentation to the Basel III
Training - COMESA Monetary
Institute*

July, 2016

OVERVIEW

1. Overview of the Banking Sector
2. Basel II Implementation - Status
3. Basel III Implementation Plans
4. Boz focus areas for 2016



OVERVIEW OF THE BANKING SECTOR AT END-MAY, 2016

- Commercial Banks – 19 with a total asset base of K61.6bn. (USD6.2 bn)
- Overall Condition – Satisfactory
- Generally Well Capitalized Banks (ratios of 22.0% and 24.8%)
- Aggregate Asset Quality Satisfactory with NPL Ratio below 10%
- All Banks Generally Fairly Liquid
- Top 4 Banks accounted for 54.4% and 56.3% of Assets and Deposits, respectively



BASEL II IMPLEMENTATION STATUS

- The Bank of Zambia issued the Basel II draft regulations in 2013;
- banks are currently on a parallel run awaiting the issuance of the final regulations.
- Zambia has opted to implement the following approaches for Pillar 1:
 - Simplified Standardized Approach - Credit risk;
 - Standardized Approach - Market risk; and
 - Basic Indicator Approach (BIA) - Operational risk.
- Basel II Pillar 1 returns are submitted to the Bank of Zambia on a monthly basis, while the ICAAP and Pillar III Disclosure documents are submitted annually subject to meeting reporting requirements.



BASEL III IMPLEMENTATION PLANS CONT...

- 2016
- Draft Concept Paper

- 2017-2019
- Draft Capital Regulations
 - (including leverage ratio, counter-cycle and conservation buffers)

- 2019
- Draft liquidity regulations for Short term (LCR)
 - Draft regulations on liquidity- Long term Net Stable Funding Ratio (NSFR)

- 2021
- Full implementation of Basel III

THANK YOU