

GOVERNMENT OF ZAMBIA

ACT

No. 23 of 2005

Date of Assent: 28th September, 2005.

An Act to amend the National Savings and Credit Act.

[7th October, 2005

ENACTED by the Parliament of Zambia.

Enactment

1. This Act may be cited as the National Savings and Credit (Amendment) Act, 2005, and shall be read as one with the National Savings and Credit Act, in this Act referred to as the principal Act.

Short title

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2. Section *two* of the principal Act is amended by the insertion in the appropriate place of the following new definitions:

Amendment of section 2

“Bank of Zambia” means the Bank of Zambia established under the Bank of Zambia Act;

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“financial institution” has the meaning assigned to it by the Banking and Financial Services Act.;

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3. Section *three* of the principal Act is amended —

Amendment of section 3

(a) by the renumbering of the paragraph in that section as subsection (1); and

(b) by the insertion after subsection (1) of the following new subsections:

(2) The Bank is a financial institution for purposes of the Banking and Financial Services Act.

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(3) Notwithstanding subsection (2), the Bank shall only conduct business as authorised under section *nine*.

(4) After the date of the coming into force of this Act, the Bank of Zambia may prescribe such transition periods as are appropriate to permit the Bank to achieve compliance with the licensing and other requirements of the Banking and Financial Services Act.

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Amendment
of section 4

4. Section *four* of the principal Act is amended—

(a) by the deletion of subsection (5) and the substitution therefor of the following:

(5) A person shall not be appointed to, or continue to, hold office on the Board of Directors if that person—

(a) is not a fit and proper person to hold office, as Director in relation to integrity and professional expertise;

(b) is not above the age of twenty-one years;

(c) is an undischarged bankrupt;

(d) has been convicted of a felony or any offence involving dishonesty;

(e) has been declared or otherwise adjudged in any official proceedings to be mentally incompetent to manage one's own affairs;

(f) is under suspension or has been removed from office under the Banking and Financial Services Act;

(g) has been a Director of a company which has been adjudged insolvent, entered into a composition with creditors, gone into liquidation, declared bankrupt or has entered into any other arrangement with creditors or taken any other action with similar effect in Zambia or elsewhere unless that person shows that the person was not responsible for the insolvency, liquidation, composition with creditors, bankruptcy, other arrangement with creditors or other action with similar effect in Zambia or elsewhere.

(b) in subsection (9) by the insertion of the words " Subject to section *thirty-five* of the Banking and Financial Service Act " and a comma before the words " No member ";

(c) by the deletion of subsection (10); and

(d) by the renumbering of subsection (11) as subsection (10).

5. Section *seven* of the principal Act is amended—
- (a) by the insertion after subsection (2) of the following new subsections:
- (3) Subject to the other provisions of this Act, the Board may delegate any of its powers to the Chief Executive Officer to the same extent as the board of directors of a company incorporated under the Companies Act may confer powers on the managing director of such a company:
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- Provided that any delegation of power by the Board to the Chief Executive officer shall not diminish the responsibility of the Board for the management of the Bank.
- (4) The Chief Executive Officer shall in exercising the powers and discharging the duties of the chief executive officer's office —
- (a) act honestly and in good faith and in the best interest of the Bank; and
- (b) exercise due care, diligence and skill.; and
- (c) by renumbering of subsection (3) as subsection (5).
6. Section *nine* of the principal Act is amended —
- (a) by the insertion of the words “ Subject to the provisions of the Banking and Financial Services Act ” and a comma before the words “ The business ”; and
- (b) by the deletion of paragraph (d) and the substitution therefor of the following new paragraph:
- (d) to carry on such form of banking business, not other wise expressly authorised in this Act, as may be approved by the Bank of Zambia;
7. Section *thirteen* of the principal Act is amended —
- (a) by the insertion of the words “ Subject to the provisions of the Banking and Financial Services Act ” and a comma before the words “ The Board may ”;
- (b) in paragraph (e) by the deletion of the word “ Minister ” and the substitution therefor of the words “ Bank of Zambia ”.
- Amendment of section 7
- Amendment of section 9
- Amendment of section 13

Amendment
of section 15

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8. Section *fifteen* of the principal Act is amended —

(a) in subsection (2) by the insertion of a comma and the words “ subject to section *sixty-three* of the Banking and Financial Services Act,” after the words “ financial year shall ”;

(b) in subsection (3) by the deletion of the word “ Minister ” and the substitution therefor of the words “ Bank of Zambia ”;

(c) in subsection (4) by the insertion after the words “ income and expenditure of the Bank ” of the words “ and shall be entitled to require from the members of the Board of Directors, the chief executive officer or any person concerned in the management of the Bank such information and explanation as the auditor requires to perform the auditor’s duties under this Act. ”;

(d) by the deletion of subsection (5) and the substitution therefor of the following new subsection:

(5) An auditor appointed under this section shall submit a report, written in accordance with subsection (2) of section *sixty-four* of the Banking and Financial Services Act, to the Board.;

(e) by the deletion of subsection (6) and the substitution therefor of the following:

(6) The Board shall—

(a) within three months from the end of each financial year, submit a copy of the report of the auditor, together with a copy of the annual financial statement to the Bank of Zambia; and

(b) not later than nine months after the end of each financial year, submit to the Minister a report of its operations, including the annual statement of its accounts for that year, certified by the auditor.;

(f) in subsection (7) by the insertion of the words “ in paragraph (b) of ” before the words “ subsection (6) ”; and

(g) by the deletion of subsection (8).

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| <p>9. The principal Act is amended by the insertion immediately after section <i>fifteen</i> of the following new section:</p> <p style="padding-left: 40px;">15A. The Bank shall in the conduct of its banking business under this Act be subject to the confidentiality requirements of section <i>fifty</i> of the Banking and Financial Services Act.</p> | <p>Insertion of new section 15A
Confidentiality
Cap. 387</p> |
| <p>10. Section <i>sixteen</i> of the principal Act is amended by the deletion of the word "Minister" and the substitution therefor of the words "Bank of Zambia".</p> | <p>Amendment of section 16</p> |
| <p>11. The principal Act is amended by the repeal of Part IV and the substitution therefor of the following new Part:</p> | <p>Repeal and replacement of Part IV</p> |

PART IV

INSOLVENCY AND DISSOLUTION

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| <p>22. (1) In the event of the Bank becoming insolvent the Bank of Zambia may in accordance with Chapter VII of the Banking and Financial Services Act dissolve and liquidate the Bank.</p> <p style="padding-left: 40px;">(2) In this subsection (1) insolvency has the meaning assigned to it by section <i>eighty-six</i> of the Banking and Financial Services Act.</p> | <p>Insolvency
Cap. 387</p> |
| <p>23. Where the Bank is dissolved under section <i>twenty-two</i> this Act shall be repealed.</p> | <p>Cap. 387
Effect of dissolution of Bank</p> |
| <p>12. The principal Act is amended by the repeal of Parts V and VI.</p> | <p>Repeal of Parts V and VI</p> |

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*National Savings and
Credit*
