

Client Brief: Bank of Zambia Currency Directive

Effective 26 December 2025

What's Changing

The Bank of Zambia has directed that **all domestic transactions must be settled in Kwacha (ZMW)**.

- Payments for goods and services within Zambia must be made in Kwacha.
- Contracts or invoices expressed in USD, Euro, or other foreign currencies must be settled in Kwacha, using the market exchange rate.
- If parties cannot agree on the rate, the official **Bank of Zambia Kwacha/US Dollar mid-rate** will apply.

Cross-Border Transactions

- **International trade and cross-border payments are not restricted.**
- Payments to foreign suppliers, imports, or remittances abroad can still be made in foreign currency.
- The directive applies only to **domestic transactions within Zambia**.

Foreign Currency Loans

There are two important distinctions:

- **Private contracts denominated in foreign currency (e.g., a supplier or landlord agreement in USD/Euro)** → must now be settled in Kwacha, converted at the agreed market rate.
- **Regulated financial products (e.g., loans, securities, insurance policies with foreign currency components)** → exempt. Repayments of principal, interest, or dividends may still be made in foreign currency, as these are overseen by financial regulators (Bank of Zambia, Securities and Exchange Commission, Pension and Insurance Authority).

To summarise: **ordinary contracts in foreign currency = pay in Kwacha; regulated financial products = foreign currency still allowed.**

Local Contracts in USD/Euro

- Domestic contracts written in USD or Euro must be settled in Kwacha.
- The foreign currency value will be converted into Kwacha at the agreed market rate (or BoZ mid-rate if no agreement).
- This ensures compliance while honouring the contract's intent.

Exemptions (Still Allowed in Foreign Currency)

- **Financial products** (loans, dividends, interest, debt instruments) regulated by the Bank of Zambia
- **Securities** regulated by the Securities and Exchange Commission

- **Insurance policies** with foreign currency components regulated by the Pension and Insurance Authority

What you should prepare to do

- **Review contracts** denominated in USD/Euro and prepare to settle in Kwacha.
- **Check loan agreements** with your bank or financial institution to confirm repayment terms.
- **Continue cross-border payments** in foreign currency — these are not affected.
- **Update invoicing systems** to reflect Kwacha settlements for domestic transactions.

Summary:

- Domestic = Kwacha only
- Cross-border = foreign currency allowed
- Local contracts in USD/Euro = settled in Kwacha
- Regulated financial products = exempt, foreign currency still possible