

## GOVERNMENT OF ZAMBIA

## ACT

No. 39 of 1988

Date of Assent: 27th December, 1988

## An Act to amend the Banking Act

[30th December, 1988]

ENACTED by the Parliament of Zambia.

Enactment

1. This Act may be cited as the Banking (Amendment) Act, 1988, and shall be read as one with the Banking Act, in this Act referred to as the principal Act.

Short title

Cap. 700

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

Amendment  
of section 2

“rural area” means the area designated as a rural area by the Minister by statutory order;

“urban area” means the area designated as an urban area by the Minister by statutory order;

3. The principal Act is amended by the insertion immediately after section *eleven* of the following new section:

Insertion of  
section 1A

11A. No bank or financial institution shall operate more than four branches in an urban area unless it opens a branch in a rural area for every subsequent branch opened in an urban area.

Branches

4. (1) Section *eighteen* of the principal Act is amended—

Amendment  
of  
section 18

(a) by the deletion of subsection (1) and the substitution thereof of the following subsection:

(1) Subject to subsection (3), no bank shall be or remain registered unless it maintains paid-up equity capital amounting to not less than—

(a) in the case of a bank in which the Government holds all or some of the shares, K5,000,000;

(b) in the case of any other bank, K20,000 000.;

(b) in subsection (2) by the deletion of "K200,000" and the substitution therefor of "K2,000,000";

(c) by the insertion immediately after subsection (2) of the following new subsections:

(3) Notwithstanding subsection (1), the minimum paid-up equity capital shall, where the first branch of business is in a rural area—

(a) for a bank referred to in paragraph (a) of subsection (1), be K2,500,000;

(b) for a bank referred to in paragraph (b) of subsection (1), be K10,000,000;

(c) for a financial institution, be K1,000,000.;

(4) Subsection (3) shall only apply to a bank or financial institution if—

(a) the bank or financial institution in its application for registration had declared that it would open its first branch of business in a rural area within a period of not more than six months; and

(b) the Registrar had made the declaration referred to in paragraph (a) a condition of registration.;

(5) Where the first three branches of a bank or financial institution are in a rural area, section 11A shall not apply to that bank or financial institution.

(2) The amendments made by this section shall not apply to any bank registered before the commencement of this Act; and accordingly, in relation to any such bank, section *eighteen* of the principal Act shall remain in force.