

Financial services

The ratio of nonperforming loans to total loans (7.7%) by August 2021, was below the maximum prudential threshold of 10% from 11.6% in December 2020. Restructuring of distressed credit facilities for businesses was severely impacted by the COVID-19 pandemic. The Targeted Medium-Term Refinancing Facility, supported the improvement in loan performance.

Outstanding payments



Government started clearing all outstanding third-party payments to non-bank financial institutions resulting from poor underwriting procedures and delayed remittance of third-party payments on civil servants' salary-backed loans

Government plans to upscale the implementation of the National Financial Inclusion Strategy 2017-2022 aimed at enhancing financial inclusion in collaboration with various stakeholders.

Financial inclusion



Saving culture



To encourage a saving culture and promote financial inclusion, an extension of tax exemption relating to payments of interest to all interest earning bank accounts held by individuals was proposed.
The revenue loss from this measure is projected at K9.2 million.

Introduction of a 20% withholding tax on reinsurance proposed to be placed with reinsurers not licensed in Zambia to support growth of local reinsurance.
The revenue gain from this measure is projected at K48.6 million.

Reinsurance



Presumptive taxes



Upwards revision of the bands for presumptive taxes. The tax bands were last reviewed in 2018.
The revenue gain from this measure is projected at K107.2 million.