GOVERNMENT NOTICE NO. 31

FINANCIAL SERVICES ACT

(Cap. 44: 05)

FINANCIAL SERVICES (TRANSACTION PROCESSING HUB) DIRECTIVE, 2019

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IN EXERCISE of the powers conferred by section 34 of the Financial Services Act, I, Dr. DALITSO KABAMBE, Registrar of Financial Institutions, make the following Directives—

PART I – PRELIMINARY

Citation

1. This Directive may be cited as the Financial Services (Transaction Processing Hub) Directive, 2019.

Interpretation

2. In this Directive unless the context otherwise requires—

"MFI Hub Company" means a company incorporated under Companies Act for purposes of implementing and managing the transaction processing hub;

Cap. 46:03

"microcredit agency" has the same meaning as defined in Microfinance Act;

Cap. 46:08

"microfinance institutions" has the same meaning as defined in Microfinance Act; Cap. 46:08

"National Switch" has the same meaning ascribed to it under the Payment Systems (Interoperability of Retail Payment Systems) Directive, 2017;

"SACCO" has the same meaning ascribed to it under Financial Cooperatives Act; Cap. 47:02

"transaction processing hub" means a technology service platform that allows participating microcredit agencies, microfinance institutions and SACCOs to share common centralized banking application and transaction processing, and infrastructure to process their transactions; and

"joining the hub" means operating on the transaction processing hub either through direct operation or interface.

Application

3. This Directive shall apply to a registered or licensed—

(*a*) microcredit agency;

(*b*) microfinance institution; and

(*c*) SACCO.

Part II—Objectives

Objectives

4. The objectives of this Directive are to—

(*a*) set minimum membership requirements for registered or licensed microcredit agencies, microfinance institutions and SACCOs to operate on the transaction processing hub;

(*b*) ensure that a licensed or registered microcredit agency, microfinance institution and SACCO put in place infrastructure that support direct operation or interface with the transaction processing hub; and

(*c*) ensure that a microcredit agency, microfinance institution and SACCO operates and leverage on a technology service platform to facilitate, among other things—

(i) the processing efficiency of transactions;

(ii) use of mobile phone based applications;

(iii) interconnection to the National Switch; and

(iv) reporting to the credit reference bureaus and the Registrar.

Part III—Responsibility of the Board and Management of a Licensed or Registered Micro Finance Services Provider and Sacco

Board and management responsibility

5. The Board of directors and senior management of a registered or licensed microcredit agency, microfinance institution and SACCO shall ensure that the microcredit agency, microfinance institution and SACCO comply with the provisions of this Directive.

PART IV—OPERATING REQUIREMENTS

Application to operate on transaction processing hub

6.—(1) A registered or licensed microcredit agency, microfinance institution and SACCO shall apply to join on the transaction processing hub that connects its operating system to that of the transaction processing hub.

(2) An application under sub-paragraph (1) shall be made to the MFI Hub Company Limited through prescribed application form and accompanied by a non-refundable application fee as may be prescribed by the Company from time to time:

Provided that such an application shall be subject to the procedures and requirements as may be prescribed by the MFI Hub Company Limited.

Minimum requirements to operate on transaction processing hub

7. A registered or licensed microcredit agency, microfinance institution and SACCO shall put in place infrastructure, as may be prescribed by the MFI Hub Company Limited, that supports directly or through an interface that connects its operating system to that of the transaction processing hub.

PART V—ENFORCEMENT

Monetary penalties

8.—(1) A microcredit agency, microfinance institution and SACCO that contravenes the provisions of this Directive shall be liable to a monetary penalty of up to ten million Kwacha.

(2) A microcredit agency, microfinance institution and SACCO shall be liable to an additional monthly penalty of up to ten million Kwacha for each subsequent month which it remains in contravention of the requirement specified in this Directive.

PART VI—TRANSITIONAL ARRANGEMENTS

Transitional arrangements

9. A microcredit agency, microfinance institution and SACCO operating before the date of commencement of this Directive shall, within twelve months after the date of commencement of this Directive, comply with this Directive.

Made this 14th day of June, 2019.

DALITSO KABAMBE, PhD
Registrar of Financial Institutions

(FILE NO. FIN/PFSPD/03/04)

GOVERNMENT NOTICE NO. 32

FINANCIAL SERVICES ACT

(CAP 44:05)

FINANCIAL SERVICES (CAPITAL ADEQUACY REQUIREMENTS FOR DEPOSIT TAKING MICROFINANCE INSTITUTIONS) (AMENDMENT) DIRECTIVE, 2019