



**REPUBLIC OF ZAMBIA**

**MINISTRY OF FINANCE AND NATIONAL PLANNING**

**STATEMENT BY THE PERMANENT SECRETARY FOR ECONOMIC  
MANAGEMENT AND FINANCE**

**MR. DANIES CHISENDA.**

**DURING THE LAUNCH OF THE RISK BASED SUPERVISION  
FRAMEWORK FOR CAPITAL MARKETS**

**Lusaka; TUESDAY, 5<sup>TH</sup> APRIL 2022**

## **PROTOCOLS**

- All Senior Government officials
- The Chairperson – Securities and Exchange Commission, Mrs. Ruth Mugala
- Commissioners – Securities and Exchange Commission present.
- The Governor – Bank of Zambia, Dr. Denny Kalyalya, represented by the Director – Bank Supervision, Mrs. Gladys Mposha
- The Chief Executive Officer – Securities and Exchange Commission, Mr. Phillip Chitalu
- The Acting Registrar – Pensions and Insurance Authority, Mrs. Kabisa Ngwira
- The President – Capital Markets Association of Zambia represented by the Vice President, Mrs. Tidale Mwale
- Chief Executives and representatives of the Capital markets fraternity
- Friends from the Media
- Distinguished Guests

**Good morning,**

On behalf of the Government of the Republic of Zambia (“Government”) and the Ministry of Finance and National Planning (“Ministry”), I am honoured to Grace the Securities and Exchange Commission’s Chairlady’s Breakfast dubbed – **‘Reshaping supervision for enhanced resilience’**.

Today, we are part and parcel of this important event that marks a significant milestone in the regulation of our capital markets. We are indeed privileged to witness the Securities and Exchange Commission (SEC) migrate from a compliance-based supervision approach to a Risk Based Supervision (RBS) approach, a regulatory framework which I understand shall improve the SEC’s supervisory effectiveness. I am aware it has been a long and involving process – I take this opportunity, to also congratulate the SEC staff for reaching this point.

**Distinguished Guests,**

As Government, we are cognizant of the vital role that the financial services sector plays in our economy, especially being one that intermediates the efficient flow of unutilized capital to real or productive sectors such as agriculture, mining, construction and thereby facilitating economic growth and development.

Indeed, the important role that capital markets play as a financial sub-sector cannot be overlooked. In essence, capital markets have been designed to provide amicable and long-term financing solutions. For the case of our domestic capital markets, we believe this is a function that can help us mobilize investment capital required to attain our national development plans, whose investment requirements are normally

medium to long term and capital intensive in nature. For instance, the investment capital required to implement the Seventh National Development Plan was estimated at K173 billion – you may agree that this is a colossal figure which requires structured financing.

### **Distinguished Guests,**

Government places a high premium on financial sector development and as such, identified it as a key policy area for sustainable economic development. The New Dawn Government is committed to enhancing the provision of financial services to our people (including exploiting the use of digital channels) and attract investment. It is therefore imperative that we continue to formulate and implement Policies that shall grow, transform, and ensure stability in the financial services sector.

As you may be aware, Government through the Ministry and alongside the three financial sector regulators namely; the Bank of Zambia (BoZ), the Pensions and Insurance Authority (PIA); and the SEC developed the National Financial Sector Development Policy (a successor to the Financial Sector Development Plan 2010 – 2015), which aims at having a well-developed and inclusive financial system that supports efficient resource mobilisation and investment for sustainable economic growth.

To implement the National Financial Sector Development Policy, we launched the National Financial Inclusion Strategy (2017 – 2022) whose objective is to provide a framework that will lead to the development of a stable, resilient, competitive, and inclusive financial sector that contributes to economic growth and broad-based wealth creation. It is indeed our desire to build on from the strong policy foundation we have built thus far.

Given the above, we are cognizant that for us to attain sustainable economic growth, stability in the financial system is of paramount importance and indeed a pillar for success. Therefore, the onus is on us as key stakeholders in the financial sector (especially the

Regulators) to ensure we have a financial system which is able to (among other things);

- i. Allocate financial resources efficiently; and
- ii. Assess and manage financial risks.

By launching the RBS framework for capital markets, I am proud to witness the SEC make notable strides towards fulfilling its regulatory mandate of creating and promoting conditions for an orderly growth, integrity, and development of the capital markets.

I could not agree more with Madame Ruth Mugala (our first ever female Chairperson of the SEC Board). The RBS framework is certainly a building block that shall help us attain greater national goals as envisioned in our development plans such as the Vision 2030, the 7<sup>th</sup> National Development Plan (NDP) and successor plans (such as the 8<sup>th</sup> NDP which is being finalized).

As you may be aware, the Ministry and the SEC embarked on developing a Capital Markets Master Plan (CMMP), a ten-year long-term strategy for capital markets development in Zambia, which has been finalised and awaiting Cabinet approval. Suffice to mention that the CMMP is cross-cutting in nature and thus anchored on our national development plans.

Having been involved in the development of the CMMP, I am confident to say that the introduction of RBS in our capital markets is timely as it resonates with one of the identified development areas titled **‘Enhancing the Capital Market Regulatory Environment’**. In this regard, I am optimistic that the implementation of RBS shall contribute towards strengthening the regulatory framework in the capital markets and its proper functioning.

Furthermore, I believe the smooth implementation of RBS shall enhance trust and confidence in the capital markets and in turn,

encourage greater participation by both local and international players thereby necessitating the following benefits:

- i. Create a transparent bridge between suppliers of capital (local and foreign) and users of capital;
- ii. Create job opportunities and alternative livelihood contributing to reduced poverty;
- iii. Promote savings and investments;
- iv. Facilitate the efficient allocation of financial resources;
- v. Finance priority sectors development; and
- vi. Finance public private partnerships

In closing, I wish to thank our cooperating partners – the Toronto Centre, Comic Relief and Jersey Overseas Aid for the unwavering support rendered to the SEC and ensuring the actualisation of the Risk Based Supervision project.

As a Ministry, we remain committed to providing the SEC with necessary support required for the effective implementation of the RBS framework, all in pursuit of promoting and maintain financial stability.

**Distinguished Guests,**

I hereby launch the Risk Based Supervision Framework for capital markets.

**I wish you well and God Bless!**