

Zambia

National Savings and Credit Act, 1972

Chapter 423

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National Savings and Credit Act, 1972

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Zambia

National Savings and Credit Act, 1972

Chapter 423

Commenced on 1 April 1973

[This is the version of this document as it was at 31 December 1996 to 6 October 2005.]

[24 of 1972]

An Act to provide for the establishment and administration of a National Savings and Credit Bank of Zambia in place of the Post Office Savings Bank of Zambia with a view to promoting national savings; and to provide for matters incidental to or connected with the foregoing.

Part I – Preliminary

1. Short title

This Act may be cited as the National Savings and Credit Act.*

* This Act is deemed to have come into operation on or from the 1st April, 1973 (S.I. No. 84 of 1973)

2. Interpretation

In this Act, unless the context otherwise requires—

"**Bank**" means the National Savings and Credit Bank of Zambia established under section three;

"**Board**" means the Board of Directors of the Bank appointed under section four;

"**Chief Executive Officer**" means the person for the time being holding the office of general manager under section seven;

"**depositor**" means a person who deposits a sum of money with the Bank under this Act;

"**employee**" means any person in the service of the Bank or engaged in connection with any business of the Bank;

"**Savings Bank**" means the Post Office Savings Bank of Zambia.

Part II – Establishment and administration of the Bank

3. Establishment of Bank

There is hereby established the National Savings and Credit Bank of Zambia which shall by that name be a body corporate with perpetual succession and a common seal and shall be capable of suing and being sued and, subject to the provisions of this Act, of doing or performing all such acts or things as a body corporate may by law do or perform.

4. Board of Directors

(1) Save as to the appointment of the Chief Executive Officer as a member of the Board under subsection (2) of section seven, the Minister may, by statutory order, appoint the members of the Board of Directors. The Board shall be responsible for the policy and administration of the affairs and business of the Bank, and shall consist of—

(a) a Chairman;

- (b) the Chief Officer; and
 - (c) not less than five nor more than nine other members.
- (2) The Chairman shall hold office for such period and upon such terms as the Minister may determine:
Provided that the Chairman may at any time resign his office by giving two months' prior written notice to the Minister.
- (3) A member of the Board (other than the Chairman and the Chief Executive Officer) shall hold office for such term (being not less than one year nor more than three years) as the Minister may determine at the time of his appointment, and he shall be eligible for reappointment at the expiration of the term for which he is so appointed:
Provided that such member may at any time resign his office by giving two months' prior written notice to the Minister.
- (4) The Board shall appoint from among its members (other than the Chairman and the Chief Executive Officer) a Deputy Chairman who shall hold office for such period and upon such terms as the Board may determine, and who shall, in the absence of the Chairman, exercise the powers and perform the duties of the Chairman.
- (5) No person shall be appointed to or continue to hold office on the Board of Directors while he is—
 - (a) an undischarged bankrupt;
 - (b) of unsound mind;
 - (c) incapacitated through illness or otherwise from performing his duties;
 - (d) serving a sentence of imprisonment upon conviction of an offence committed under this Act or of any other offence involving fraud or dishonesty.
- (6) A member of the Board (other than the Chief Executive Officer) shall cease to be a member if he is absent from three consecutive meetings of the Board without leave of the Chairman.
- (7) A member of the Board who is not a public officer shall be paid from the funds of the Bank such remuneration and allowance as the Board may, with the approval of the Minister, determine.
- (8) At the first meeting of the Board after a member has been granted a loan, or the terms or conditions of repayment of his outstanding loan have been varied, such member shall declare to the Board the terms and conditions of the loan or the variation, as the case may be.
- (9) No member shall, at any meeting of the Board, take part in the discussion of, or vote upon—
 - (a) an application for a loan made by himself or any person who is related to that member within the third degree of affinity or consanguinity;
 - (b) an application for a loan made by any person who is a debtor or mortgagor or creditor or mortgagee of that member or in partnership with or in the employment of that member; or
 - (c) an application for a loan made by any person who is a mortgagor under a mortgage bond with any body of persons, whether incorporated or not, of which that member is a director or in which he holds any office or position other than that of an auditor.
- (10) The Minister may, whenever he considers it to be necessary or expedient in the public interest to do so, give directions to the Board in relation to the exercise and the performance of its functions, and it shall be the duty of the Board to give effect to such directions.
- (11) Notwithstanding anything to the contrary contained in this section, the Minister may at any time remove by written notice any member of the Board mentioned in paragraph (a) or (c) of subsection (1).

5. Quorum and meetings of Board

The quorum of the Board shall be four, which shall include either the Chairman or the Deputy Chairman or both, and, subject to the provisions of this Part, the Board may from time to time prescribe rules governing its meetings.

6. Establishment of committees

The Board may establish one or more committees comprising some or all of its members to carry out such functions as the Board may delegate to any of such committees.

7. Appointment and employment of general manager

- (1) The Board shall, at such remuneration and on such terms and conditions as it may determine, employ a general manager who shall be the Chief Executive Officer of the Bank and who shall perform such duties as may from time to time be prescribed by the Board.
- (2) The Chief Executive Officer shall by virtue of his office be a member of the Board and be present at all Board meetings unless his presence at any meeting is excused by the Chairman, or when any matter in which he is directly or indirectly interested is to be considered at such meeting.
- (3) In the event of the Chief Executive Officer being absent from duty on account of leave, illness or any other reasonable cause, the Board may appoint another person in his place, and the person so appointed may exercise all the powers and discharge all the duties which may be exercised or performed by his predecessor.

8. Employment of staff

- (1) The Board may, at such remuneration, on such terms and conditions and in such number as it may determine, engage other employees for the conduct of the business of the Bank.
- (2) The Board may delegate any of its powers contained in subsection (1) to the Chief Executive Officer.

Part III – Business, purpose and funds of the Bank

9. Business of Bank

The business of the Bank shall be—

- (a) the acceptance of deposits;
- (b) the operation of any savings schemes in Zambia which the Board may approve, including schemes relating to educational programmes on its own or in conjunction with the Minister responsible for education, and employees' savings schemes on its own or in conjunction with the agency responsible for social security and pension schemes;
- (c) the making of loans for such purposes as the Board may approve;
- (d) subject to such provisions of the Banking and Financial Services Act as the Minister may prescribe, to carry on such form of banking business, not otherwise expressly authorised in this Act, as may be approved by the Minister; and
- (e) doing all other matters and things incidental to or connected with the foregoing.

[Cap. 387]

10. Power to administer funds on behalf of any person or agency

The Bank may, on behalf of any person or agency, administer any funds on such terms and conditions as may be approved by the Board.

11. Funds of Bank

The funds of the Bank shall consist of—

- (a) such sums of money as may be appropriated for it by Parliament;
- (b) such sums of money as may be transferred to it by the Savings Bank;
- (c) such sums of money as the Bank may acquire by virtue of grants or raise by means of loans; and
- (d) such other sums of moneys as may accrue to it in the course or on account of its business.

12. Application of funds

The funds of the Bank shall be applied towards—

- (a) the payment of salaries, fees, remuneration, allowances and expenses due and payable to the members of the Board and the employees of the Bank;
- (b) the payment of interest due and payable on sums deposited with, or raised by way of loans by, the Bank;
- (c) the making of loans in accordance with the provisions of sections eighteen and nineteen;
- (d) the payment of rates, taxes, insurance premiums and other outgoings, including the expenses of maintenance of the buildings which may become vested in the Bank;
- (e) such capital expenditure as the Board may authorise;
- (f) all other expenses necessary for and incidental to the business of the Bank authorised under this Act.

13. Investment of funds

The Board may invest all or a part of the funds of the Bank not immediately required for the purposes mentioned in this Act in good and sound investment, including—

- (a) in any security issued by the Government;
- (b) with any bank, including any commercial bank;
- (c) with a building society established under the Building Societies Act;
- (d) up to a total amount not exceeding ten *per centum* of the deposits, in equity securities of any type;
- (e) in any other security as may be approved by the Minister.

[Cap. 412]

14. Financial year

The Board shall determine the financial year of the Bank.

15. Accounts and audit

- (1) The Board shall cause true and full accounts and records to be kept of all the transactions with which the Bank is concerned, and the books of account and records shall be kept at the principal place of business of the Bank.
- (2) The accounts of the Bank for each financial year shall be audited by a person who publicly carries on the profession of accountant in Zambia.
- (3) The person referred to in subsection (2) shall be appointed by the Board as auditor with the approval of the Minister.
- (4) For the purpose of audit, the auditor shall at all reasonable times have access to all books and records relating to the assets, liabilities, income and expenditure of the Bank.
- (5) The Minister may at any time direct the auditor to conduct an examination of the books and records referred to in subsection (4), and in that event the auditor shall submit to the Minister a report of such examination.
- (6) The Board shall, not later than nine months after the end of each financial year, submit to the Minister a report of its operations, including the annual statement of its accounts for that year, certified by the auditor.
- (7) The Minister shall, not later than twelve months after the end of the Bank's financial year, cause the annual statement of accounts and the report referred to in subsection (6) to be laid before the National Assembly, and shall cause the annual statement of accounts to be published in the *Gazette*.
- (8) The Minister may, at any time, appoint any person to examine the operations and efficiency of the Bank, and such person shall be afforded every opportunity enabling him to compile a report thereon, which he shall submit to the Minister.

16. Regulations for deposits

The Board shall, with the approval of the Minister, make regulations—

- (a) prescribing the terms and conditions upon which sums of money may be deposited with or withdrawn from the Bank;
- (b) fixing the rate of interest payable to the depositors and the minimum sum (if any) on which the interest shall be payable, and prescribing the methods by which, and the periods in respect of which, interest shall be calculated;
- (c) prescribing the form of acknowledgment which shall be evidence of a depositor's claim to repayment of his deposit with interest thereon;
- (d) prescribing the maximum and minimum amounts (if any) which may be deposited or held by a depositor at any one time;
- (e) regulating the payment of deposits and interest to the depositors or persons lawfully entitled to claim on their accounts;
- (f) regulating the remittance of deposits to the principal place of business of the Bank;
- (g) prescribing the manner in which the accounts of depositors shall be kept and providing for inspection and supervision thereof;
- (h) prescribing forms of declaration to be made by or on behalf of any depositor or of any secretary, treasurer, trustee or other responsible officer of any association, society or club for the purpose of operating accounts of such association, society or club; and
- (i) as to the fees (if any) leviable for services performed by or on behalf of the Bank.

17. Appointment of agents

The Board may, with the approval of the Minister, appoint agents upon such terms and conditions as it may determine to carry out such functions under this Act as may be assigned to them by the Board.

Part IV – Loans**18. Loans to depositors**

- (1) Subject to the provisions of subsections (2) and (3), the Bank may, pursuant to any savings scheme, lend moneys to any depositor.
- (2) No loan shall be made to any depositor—
 - (a) in a sum exceeding the amount lying in the account of the depositor concerned with the Bank at the time of making the loan; and
 - (b) unless the depositor gives a written undertaking to the Bank that at no time shall the balance of his account fall below the outstanding amount of the loan and any interest due and payable thereon.
- (3) The Bank shall, upon receipt of the undertaking referred to in paragraph (b) of subsection (2), take the necessary steps to ensure that the depositor concerned is unable to withdraw any amount from his account so that the balance in his account falls below the outstanding amount of the loan and any interest due and payable thereon.

19. Loans to persons other than depositors

The Bank may, with the written permission of and upon such terms and conditions as the Minister may approve, lend money to persons other than depositors.

20. Aggregate amount of loans

The Bank shall not make any loan if the aggregate of the outstanding loans would thereby exceed fifty *per centum* of the deposits with the Bank at the time.

21. Board or committee to exercise power to make loans

- (1) The power to make loans contained in sections eighteen and nineteen shall be exercised either by the Board or a committee consisting of not less than three members appointed by the Board from among its members.
- (2) The Board may appoint persons to advise the Bank in respect of applications for loans.

Part V – Zambia Savings Certificates**22. Issue of Zambia Savings Certificates**

- (1) The Bank may, when so authorised by the Minister, issue Zambia Savings Certificates in Zambia.
- (2) The Bank may, on giving one month's notice in the *Gazette* of its intention so to do, withdraw any issue of Zambia Savings Certificates.
- (3) Every Zambia Savings Certificate—
 - (a) shall have on its face the amount thereof and the date of maturity;
 - (b) shall be issued at a discount;

- (c) shall be repaid at its face value upon maturity, which shall be at such date, not more than ten years from the date of issue, as the Bank shall have fixed for that particular issue.
- (4) The Bank shall fix the denominations, price of issue and period of maturity thereof.
- (5) When the Bank fixes for a particular issue of Zambia Savings Certificates a date of maturity which is less than ten years from the date of issue, the Bank may, in respect of each complete month in the period commencing on the date of maturity and ending on the tenth anniversary of the date of issue, during which any Zambia Savings Certificate of that particular issue is unredeemed, authorise the payment to the holder of that Zambia Savings Certificate of interest, at a rate fixed by the Bank, of an amount equal to the face value of that Zambia Savings Certificate on maturity.
- (6) The Minister may provide that, as a condition of any particular issue of Zambia Savings Certificates, the interest thereon shall be exempt from income tax and supertax, present and future, payable or chargeable under any law. The interest on Zambia Savings Certificates issued with such a condition shall, notwithstanding anything contained in the Income Tax Act, be so exempt.

[[Cap. 323](#)]

23. Bank may impose conditions

- (1) The Bank may impose conditions not inconsistent with this Part as to all or any of the following matters:
 - (a) the conditions on which a Zambia Savings Certificate may be surrendered prior to the date of maturity;
 - (b) the aggregate face value of Zambia Savings Certificates of any issue which may be held by any person; and
 - (c) such other conditions as it may deem to be expedient.
- (2) The Bank may fix a higher aggregate face value under paragraph (b) of subsection (1) for persons or institutions or trusts whose receipts and accruals are exempt from income tax.

24. Control, management, issue, etc., of Zambia Savings Certificates

- (1) The control, management, issue and repayment of Zambia Savings Certificates shall be vested in and entrusted to the Bank and it shall act in accordance with any directions of the Minister.
- (2) Zambia Savings Certificates shall be available for purchase by the public at such places of business of the Bank, post offices and other places as the Bank may approve.

25. Establishment of Zambia Savings Certificates Fund

- (1) There is hereby established a fund called the Zambia Savings Certificates Fund into which shall be paid the proceeds of any issue of Zambia Savings Certificates and the interest derived from the investment thereof.
- (2) The Bank may retain such sum in the Zambia Savings Certificates Fund as it considers necessary to meet applications for repayment of Zambia Savings Certificates, and any balance remaining after such sum has been deducted shall be invested as provided in section thirteen.
- (3) The Bank may—
 - (a) realise investments; and
 - (b) borrow from the Government such sums as may be required;for the purpose of repaying Zambia Savings Certificates if the sum retained by the Bank under subsection (2) is insufficient for that purpose.

- (4) The Government may make a loan to the Bank for the purpose of subsection (3) on such conditions as it may fix and any such loan shall be paid out of the general revenues of the Republic.
- (5) If at any time the assets of the Zambia Savings Certificates Fund are insufficient to meet the Bank's liabilities to the depositors, the deficiency shall be met from the general revenues of the Republic, which are hereby appropriated for that purpose.
- (6) A report of every such deficiency and issue shall be laid by the Minister before the National Assembly within fourteen days of the issue or, if the National Assembly is not then in session, within fourteen days of the commencement of its next sitting after the issue.

26. Repayment

When an application for the repayment of any Zambia Savings Certificates is made, the Bank shall forthwith effect such repayment in accordance with the conditions (if any) imposed in terms of section twenty-three.

27. Unredeemed Zambia Savings Certificates

- (1) If, after the expiration of fifteen years from the date upon which any issue of Zambia Savings Certificates has been withdrawn, there are any Zambia Savings Certificates unredeemed, the Bank shall pay the amount due in respect of such unredeemed Zambia Savings Certificates into the general revenues of the Republic, and the accounts of that particular issue shall then be closed.
- (2) The Bank shall maintain a register showing the full name and last known address of the holder of each such unredeemed Zambia Savings Certificate and the number and amount thereof. The register shall be open for inspection to the depositors or their legal representatives at all reasonable times.
- (3) Any demands made by any person claiming a just and lawful right to any Zambia Savings Certificate recorded in such register shall be met from the general revenues of the Republic, which are hereby appropriated for that purpose.
- (4) If any amount shown in such register remains unclaimed by any person having a just and lawful right thereto for a period of thirty years from the date when the sum was paid into the general revenues of the Republic, then the right to claim such amount shall be extinguished.

28. Moneys from sale of Zambia Savings Certificates

Moneys received from the sale of Zambia Savings Certificates shall not be regarded as borrowings for the purposes of the Loans and Guarantees (Authorisation) Act.

[Cap. 366]

29. Reports and accounts

- (1) The Board shall deliver to the Minister, within six months after the end of each financial year of the Bank, a statement of accounts, certified by an auditor appointed by the Board with the approval of the Minister, in respect of the Zambia Savings Certificates Fund for that year together with a report of its operation during that year.
- (2) The Minister shall, within twelve months after the end of each financial year, cause the statement of accounts and the report to be laid before the National Assembly and shall cause the statement of accounts and the report to be published in the *Gazette*.

30. Issue of other savings certificates

Nothing in this Part shall be deemed to prohibit the Bank from issuing savings certificates other than Zambia Savings Certificates.

Part VI – Miscellaneous

31. Non-disclosure of information

Save as is otherwise provided in this Act, no employee shall disclose the name or any information regarding the transactions of a depositor or of a purchaser of a Zambia Savings Certificate except—

- (a) to the Bank, the Board or such employee as may be appointed to assist in the carrying out of the provisions of this Act;
- (b) when required by order of a court;
- (c) when required by the Director of Public Prosecutions for the purpose of an investigation or prosecution of an alleged offence;
- (d) when required under any other written law; or
- (e) in the lawful discharge of his duty:

Provided that nothing in this section shall be deemed to limit the authority of an auditor appointed by the Board under this Act or an examiner appointed by the Minister under subsection (8) of section fifteen to require a disclosure of such accounts and documents as may be necessary to enable him to carry out the duties imposed upon him by any written law.

Part VII – Repeal and transitional provisions

32. Winding up of affairs of Savings Bank and its dissolution

- (1) From the commencement of this Act, the Savings Bank shall exist only for the purpose of winding up its affairs, and for no other purpose.
- (2) When the Minister is satisfied that the necessary agreements and arrangements have been made for the winding-up of the affairs of the Savings Bank so that it may be dissolved, he may, by statutory instrument, direct that the Savings Bank shall be dissolved on such date as may be appointed in the statutory instrument (in this Act referred to as "the appointed date").

33. Vesting of assets and liabilities of Savings Bank in Bank

- (1) On the commencement of this Act, there shall be transferred to, and shall vest in, the Bank by virtue of this Act and without any further assurance all property, rights, liabilities and obligations which immediately before the commencement of this Act were property, rights, liabilities and obligations of the Savings Bank.
- (2) The Savings Bank shall, for the purpose of winding up its affairs before the appointed date and notwithstanding anything to the contrary contained in the Post Office Savings Bank and Savings Certificates Act, or any other written law, have power to do anything which is necessary or expedient for that purpose or is incidental thereto, including in particular but without prejudice to the generality of that power, power to enter into and carry out agreements and arrangements for the transfer of its property, rights, liabilities and obligations to any other body or person, including the Government and the Bank.
- (3) Every deed, bond and agreement (other than an agreement for personal service) to which the Savings Bank was a party immediately before the commencement of this Act, whether in writing or not, and whether or not of such a nature that rights, liabilities and obligations thereunder could be assigned, shall, unless its terms or subject-matter make it impossible that it should have effect as

modified in the manner provided by this subsection, have effect as from the date of the assignment thereof, as if—

- (a) the Bank had been a party thereto;
 - (b) for any reference to the Savings Bank there were substituted, as respects anything falling to be done on or after the commencement of this Act, a reference to the Bank; and
 - (c) for any reference to any employee of the Savings Bank not being a party thereto and beneficially interested therein there were substituted, as respects anything falling to be done on or after the commencement of this Act, a reference to such employee of the Bank as the Bank shall designate.
- (4) Subject to the provisions of subsection (3), documents other than those referred to therein which refer specifically or generally to the Savings Bank shall be construed in accordance with the said subsection (3) as far as applicable.

34. Registration of property to be transferred by Savings Bank

Whenever, in pursuance of this Act, any property, rights, liabilities or obligations of the Savings Bank are transferred by it to the Bank or any person or the Government in respect of the transfer of which any written law provides for registration, it shall be the duty of the Savings Bank to make an application in writing to the proper officer of the appropriate registration authority for the registration of such transfer, and it shall be the duty of such officer to make such entries in the appropriate register as shall give effect to such transfer and, where appropriate, to issue to the transferee concerned a Certificate of Title in respect of the said property or to make necessary amendments to the register, as the case may be, and, if presented therefor, to make endorsement on the deeds relating to the title, right or obligation concerned; and no registration fees, stamp duty or other duties shall be payable in respect thereof.

35. Terms of service of employees on transfer to Bank

Where any person who was, whether on secondment or otherwise, in the service of the Savings Bank immediately before the commencement of this Act transfers from that service to the service of the Bank, it shall be the duty of the Bank to ensure that his terms and conditions of service with the Bank shall be no less favourable than those he enjoyed while in the service of the Savings Bank, and that his service with the Savings Bank shall be treated as service with the Bank for the purposes of determining his rights to or eligibility for pension, gratuity, leave or other benefits.

36. Repeal on or from appointed date

The Post Office Savings Bank and Savings Certificates Act and regulations made thereunder shall be deemed to have been repealed on or from the appointed date.

37. Regulations

The Board may, with the approval of the Minister, by statutory instrument, make regulations—

- (a) prescribing anything for the purpose of giving effect to and for the better carrying out of the provisions of this Act; and
- (b) as to all other matters incidental to the operation of the savings schemes under this Act.