



**ZiCA**

*Competence, Integrity and Virtue*

**Zambia Institute of Chartered Accountants**

**Comments on the Zambia Institute of  
Banking & Financial Services Bill N.A.B  
No. 22 of 2022**

**ZiCA**

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## **1.0 Introduction**

The Zambia Institute of Chartered Accountants (ZICA) is a professional membership body whose function, among others, is to advise Government on matters of national and economic development. The Institute is also mandated to develop, promote and enforce internationally comparable practice standards in Zambia as well as protect and assist the public in all matters relating to the practice of accountancy. With this mandate in mind, our Comments on the Zambia Institute of Banking & Financial Services Bill N.A.B No. 22 of 2022 have been made with full cognizance of our obligations as promulgated in the Accountant Act as well as our professional resolve to act in the public interest.

**1.1** We are privileged to be invited to make oral and written submissions to the Planning and Budgeting Committee on the consideration of the Zambia Institute of Banking and Financial Services Bill No. 22 of 2022.

## **2.0 Objectives of the Bill**

The objectives of this Bill are to —

- a) provide for the registration of banking and financial service practitioners and regulate their practice and professional conduct;
- b) continue the existence of the Zambia Institute of Banking and Financial Services and provide for its functions;
- c) promote the banking and financial services profession; and
- d) provide for matters connected with, or incidental to, the foregoing.

## **3.0 Comments on the Bill**

We provide the detailed analysis on the proposed Zambia Institute of Banking and Financial Services Bill No. 22 of 2022 as stated below:

### ***I. In Section (4), Functions of Institute***

The functions of the Institute are to—

- a) advance the banking and financial services profession and promote its interest;

- b) register and regulate practitioners;
- c) issue practicing certificates to eligible members;
- d) register students of banking and financial services;

### ***Recommendations***

The proposed amendment is welcome. However, the bill is not clear in terms of distinction between Members of the Institute and Practitioners. It is our considered view that a clear distinction be made between a Member and Practitioner.

While the objective of the bill is to provide for registration of Practitioners, there is no provision in the Act for registration of Members though there's a provision for registration of Students and Practitioners.

### ***II. Section 8(2)(b) the Vice President, as Vice-Chairperson, who shall be a representative of the Bank of Zambia;***

### ***Recommendations***

The provision in the bill designates an electable position for Vice President to be specifically a representative of the Bank of Zambia. The best practice is to have a BOZ representative to be an Ex Officio to the Council and not necessarily Vice President. Let the Vice President position be open for contest.

### ***III. Section 11(2) The Registrar shall be a registered practitioner with a valid practicing certificate issued under this Act.***

### ***Recommendations***

The provision requiring the CEO of the Institute to be a Practitioner of the Institute doesn't sound good. This is a management position requiring dynamic leadership skills that should not be restricted by affiliation to the institute. It should be open to all who qualify to lead in the position of Registrar.

#### ***IV. Section 12(1) Prohibition of practicing without registration***

***A person shall not be employed or practice as a practitioner unless that person is registered as a practitioner in accordance with this Act.***

#### ***Recommendations***

We do not welcome this provision. The definition of Practitioner read together with the definition for core banking and financial service operations seems to suggest that everyone employed in a bank, financial institution, financial service provider or financial business, from bank teller to CEO, should be registered as a practitioner with the institute. This is far from real life practices by banks and financial institutions world over, as they employ people from any discipline and do not emphasize having prior banking experience or qualification.

Furthermore, there exists various other professionals who are employed from other disciplines in a bank or financial institution i.e. HR practitioners, Accountants, Lawyers, Engineers, Public Relations, Procurement specialist's etc. Hence this provision appears misplaced or unclear to its meaning or intention.

The entire sections that seek to introduce practicing certificates for Practitioners do not appear to be clear in the case of the banking profession and we have found it difficult to see the justification or need to start licensing people who work in the financial sector.

The bill prescribes how a person can get a practicing license via Application and paying applicable fees only WITHOUT passing Competency Practice Exams? There is a risk that people without the requisite technical and professional competence may be licensed if not subjected to competence exams.

How will the Practitioners be monitored in the absence of a Practice Review mechanism and in the absence of Professional standards of practice to adhere to while practicing? The bill has no provision for Practice Review mechanism.

Practice licenses are issued to professionals who offer a public service in their individual capacity or through a licensed firm and the service offered is guided by Approved standards of professional practice, failure to adhere to which could result in misleading or loss or injury to the client. In the case of banking, such service is offered collectively by the institution through various employees and in cases where there a breach, the Bank of Zambia has rights to withdraw or vary the

banking license for the institution and not individual bankers. The erring officers may be barred from working anywhere, depending upon the nature of the breach.

Bank of Zambia (BOZ) together with PIA and SEC are the regulator of the financial services industry. We are not sure where else in the world that a banker needs a personal license to work. Certifications are awarded after attaining relevant training and qualifications in relevant banking courses and this normally suffices in the banking profession.

#### ***V. Section 21 (3)***

The Minister may, by statutory instrument, on the recommendation of the Institute, make Regulations to provide for—

- a) the terms and conditions for the issuance of a practicing certificate;***
- b) the type of continuous professional development and training and any other information required for the issuance of a practicing certificate; and***
- c) any other matter necessary for the purposes of this Act.***

#### ***Recommendations***

As pointed out above, honestly, how does such an important role be left to the Minister to prescribe? The whole essence of seeking Parliament to recognize the institution as a regulator of a profession is to give it autonomy for Self-Regulation. It's not clear to know what Zambia Institute of Banking & Financial Services is seeking for.

#### ***4.0 Conclusion***

We appreciate the opportunity to provide the Institute's position on the Zambia Institute of Financial Services Bill N.A.B No. 22 of 2022. Our view as ZICA is that much more consultation is required on this bill. We trust that the submissions have been insightful and will be favourably considered.