



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON DELEGATED LEGISLATION

ON THE

MONEY LENDERS (AMENDMENT) BILL, N.A.B. NO. 49 OF 2021

FOR THE

FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

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REPORT OF THE COMMITTEE ON DELEGATED LEGISLATION ON THE MONEY LENDERS (AMENDMENT) BILL, N.A.B. NO. 49 OF 2021 FOR THE FIRST SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Mr R C Mutale, MP (Chairperson); Ms E Munashabantu, MP (Vice Chairperson); Mr J Mulebwa, MP; Mr K Siachisumo, MP; Mr G Ngowani, MP; Mr P Twasa, MP; Mr S Hlazo, MP and Mr M Nyambose, MP.

The Honourable Madam Speaker
National Assembly
Parliament Buildings
LUSAKA

Madam,

The Committee has the honour to present its Report on the Money Lenders (Amendment) Bill, N.A.B. No. 49 of 2021, for the First Session of the Thirteenth National Assembly referred to it by the House on Friday, 10th December, 2021.

2.0 FUNCTIONS OF THE COMMITTEE

The functions of the Committee are as set out under Standing Order 193 and, among the functions, the Committee is mandated to consider Bills that may be referred to it by the House.

3.0 MEETINGS OF THE COMMITTEE

The Committee held five meetings to consider the Money Lenders (Amendment) Bill, N.A.B. No.49 of 2021.

4.0 PROCEDURE ADOPTED BY THE COMMITTEE

In order to acquaint itself with the ramifications of the Bill, the Committee sought both written and oral submissions from the stakeholders listed at Appendix II.

5.0 BACKGROUND TO THE BILL

In the 2022 Budget Address to the National Assembly on Friday, 29th October, 2021, Dr Situmbeko Musokotwane, MP, Minister of Finance and National Planning outlined some revenue measures for the 2022 fiscal year. He also underscored the need to enhance revenue collection. One of the revenue measures was the proposal to amend the *Money-Lenders Act, Chapter 398 of the Laws of Zambia*, so as to revise the money –lenders licence fees.

6.0 OBJECTS OF THE BILL

The object of the Bill was to amend the *Money-Lenders Act, Chapter 398 of the Laws of Zambia*, so as to revise the money-lenders' licence fees.

7.0 SALIENT PROVISIONS OF THE BILL

The salient provisions of the Money Lenders (Amendment) Bill, N.A.B. No. 49 of 2021, are as set out below.

7.1 SPECIFIC CLAUSES OF THE BILL

Clause 1 – Short Title and Commencement

The clause sought to provide for the short title and the commencement date of the Act.

Clause 2 – Amendment of Section 3

The clause sought to increase the fee units for obtaining a money-lender’s licence from 450 fee units to 33,333 fee units, payable on every money-lender’s licence. Further, the clause sought to increase the fee units of a money-lender’s licence taken out not more than six months before the expiration of a licence from 300 fee units to 22,222 fee units.

8.0 CONCERNS RAISED BY STAKEHOLDERS

In supporting the Money Lenders (Amendment) Bill, No. 49 of 2021, some stakeholders raised the concerns set out below.

- (i) Some stakeholders were concerned about the proposed upward adjustments to the money lender’s licence fees from 450 fee units to 33,333 fee units payable on every money-lender’s license. They were of the view that the proposal would impose a financial cost on small companies which might force them to exit the market. Stakeholders further observed that some Money Lenders may opt to operate outside the law and charge exorbitant rates through the Black Market.
- (ii) Other stakeholders were concerned that some money lenders were too small to be regulated. They proposed that a specific threshold for small money lenders license for smaller Zambian owned financial institutions below the Bank of Zambia (BOZ) Microfinance License threshold be put in place. They argued that if the threshold was left open, foreign entities with huge capitals out-lay would crowd out Zambian small financial institutions. They were of the view that foreign owned entities should not be permitted to operate under this license because investors were expected to invest significant amounts. Therefore, all foreign entities operating under the money-lender’s license should be advised to scale-up to the BOZ Microfinance License or other suitable licences.
- (iii) Some stakeholders bemoaned the lack of an association in this sector to manage and coordinate the sector and ultimately protect borrowers . They contended that since industry associations had become key players in the development of respective industry subsectors, it would be prudent for the law to expressly provide that private sector players joined associations for easy monitoring and regulation.
- (iv) Stakeholders also expressed the view that the licence regime for the sector should be provided for in a Statutory Instrument rather than the Principal Act, so as to necessitate easy amendments or adjustments to the licence fees.
- (v) Other stakeholders were of the view that by increasing the licence fees, the Government would provide resources to monitor the money lending sector, thus protecting the public, particularly small businesses and start-ups. They however, proposed that a full regulatory impact assessment should be conducted to establish a reasonable amount for the licence fees.
- (vi) Some stakeholders were also concerned that the proposed Money Lenders Act appeared to restrict the lending business between business and consumers. However, these businesses might also lend amongst themselves through business to business lending.

9.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

After interacting with the stakeholders, the Committee makes the following observations and recommendations.

(a) Specific threshold for small money lenders' license

While welcoming the proposal to increase the money lender's license fee, the Committee agrees with stakeholders who observe that if there is no specific threshold for Zambian small money lender financial institutions, foreign entities with huge capital will crowd out the small money lenders.

In this regard, the Committee recommends that the Government should put in place a specific threshold for Zambian small money lender's license in order to protect small money lender financial institutions.

(b) Provision of unit fees through a Statutory Instrument

The Committee welcomes the proposal to increase the unit fees for money lending licenses but recommends that the licence fees should be provided for in a Statutory Instrument, which is much easier to amend and is not subject to the rigorous legislative process to which Bills are subjected.

(c) Regulatory impact assessment

While appreciating that the proposed amendment to increase licence fees for money lenders will increase revenues for the country, the Committee recommends that a full regulatory impact assessment should be conducted to establish a reasonable amount for the licence fees.

(d) Monitoring and regulation of non banking sector

The Committee observes that the lending activities in the category of money lenders that fall outside the Central Bank regulation have increased, reflecting the increasing demand for credit by many Zambian citizens. To this end, the Committee recommends that the Ministry of Finance and National Planning, which is responsible for this category, should enhance its monitoring, supervisory and regulatory role than has been the case hitherto.

10.0 CONCLUSION

The enactment of the Money Lenders (Amendment) Bill, N.A.B. No. 49 of 2021, will result in increased revenue collection for the Government. It is the Committee's considered view that the Government puts in place mechanisms that will help to enhance tax revenue collection from the money lending financial institutions that are regulated under the Money Lenders Act.

In conclusion, the Committee wishes to express its gratitude to all stakeholders who appeared before it and tendered both oral and written submissions. The Committee also thanks the Honourable Madam Speaker, for affording it an opportunity to scrutinise the Bill. Gratitude is also extended to the Office of the Clerk of the National Assembly and the permanent witness from the Ministry of Justice for the services rendered during the Committee's deliberations.

We have the Honour to be, Madam, the Committee on Delegated Legislation mandated to consider the Money Lenders (Amendment) Bill, N.A.B. No. 49 of 2021, for the First Session of the Thirteenth National Assembly.

Mr R C Mutale MP,
(Chairperson)

Ms E Munashabantu, MP
(Vice-Chairperson)

Mr J Mulebwa, MP
(Member)

Mr K Siachisumo, MP
(Member)

Mr G Ngowani, MP
(Member)

Mr P Twasa, MP
(Member)

Mr S Hlazo, MP
(Member)

Mr M Nyambose, MP
(Member)

Mr R C Mutale, MP
(Chairperson)

December, 2021
LUSAKA

APPENDIX I – National Assembly Officials

Mr H Mulenga, Deputy Principal Clerk of Committees (FC)
Mr F Nabulyato, Deputy Principal Clerk of Committees (SC)
Mr C K Mumba, Senior Committee Clerk (FC)
Mrs A M Banda Senior Committee Clerk (SC)
Ms C R Mulenga, Committee Clerk
Mr G Zulu, Committee Clerk
Mrs R Kanyumbu, Typist
Ms E Njovu, Typist
Mr D Lupiya, Committee Assistant

APPENDIX II – List of Witnesses

MINISTRY OF JUSTICE

Mrs O Sakala, Deputy Chief Parliamentary Counsel
Ms M Siwiwaliondo, Senior Parliamentary Counsel
Mrs N Nchito, Senior Parliamentary Counsel

MINISTRY OF COMMERCE, TRADE AND INDUSTRY

Ms B Mkuyamba, Acting Permanent Secretary
Mr M Chivumo, Acting Principal Planner
Ms J M Mututwa, Acting Principal Economist
Ms C Kasoma, Principal Economist
Mrs Z Phiri, Acting Principal Planner
Mr B Moonga, Chief Planner
Mr D F Banda, Acting Director Business Regulatory Review Agency
Mr O Banada, Export Development Manager

MINISTRY OF FINANCE AND NATIONAL PLANNING

Dr S Musokotwane – Minister of Finance
Mr M Chikuba – Permanent Secretary
Mr J Nonde – Director Budget
Mr J Sakala – Assistant Director
Mr K Chimfwembe – Assistant Director
Mr Samson Phiri – Principal Economist
Ms C Namwinga – Senior Economist
Mr C Chikuba, Permanent Secretary – Economic Management and Finance
Mr I Akapelwa, Assistant Director – Economic Management Department
Mr E Sakanyi, Principal Planner – Economic Management Department
Mr M Mweemba, Senior Economist - Economic Management Department
Ms I Kafwenba, Senior Economist - Economic Management Department

MINISTRY OF SMALL AND MEDIUM ENTERPRISE

Ms Y Mpundu, Permanent Secretary
Ms B Mwakacheya, Director – Small and Medium Enterprise
Mr C Chikula, Acting Director – Budget

ZAMBIA REVENUE AUTHORITY (ZRA)

Mr D Banda, Commissioner General
Mr P Phiri, Commissioner, Direct Taxes Research
Mr Y G Shamabobo, Senior Economist

BANK OF ZAMBIA (BOZ)

Dr D Kalyalya, Governor
Mrs R C Mhango, Deputy Governor – Administration
Ms N Ndhlovu, - General Counsel and Bank Secretary
Mr I Muhanga, Director – Financial Markets
Mr J Chipili, Director - Economics
Ms G Mposha, Director – Bank Supervision
Ms F Tamba, Director – Non Bank Financial Institutions Supervision
Ms B Mwanza, Assistant Director – Communications

Dr J Lungu, Assistant – Governor’s Office
Ms P Sinkamba, Executive Assistant – Deputy Governor - Administration
Mr C Kapembwa, Executive Assistant – Deputy Governor – Operations
Ms P Sinkamba, Executive Assistant – Deputy Governor - Administration

COMPETITION AND CONSUMER PROTECTION COMMISSION

Mr C Sampa, Executive Director
Mr P Muteto, Chief Analyst
Ms M Jere, Research Analyst

BANKERS ASSOCIATION OF ZAMBIA

Mr L Mwanza, Bankers Association of Zambia, Chief Executive Officer
Ms M Zimba, Bankers Association of Zambia, Public Relations & Administrative Officer