

## **Caleb M Fundanga: Barclays Bank home loan product**

Vote of thanks by Dr Caleb M Fundanga, Governor of the Bank of Zambia, at the official launch of the Barclays Bank home loan product, Lusaka, 25 January 2006.

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- The Minister of Finance and National Planning, Hon. Ng'andu Peter Magande M.P.
- The Board Chairman of Barclays Bank Zambia PLC, Mr Hakainde Hichilema and Board Members present here today
- The Acting Managing Director Barclays Bank Zambia PLC Mr Daniel Nel,
- Barclays Bank Zambia PLC staff,
- Distinguished Invited Guests, Ladies and Gentlemen

I feel greatly honoured to be invited to give a vote of thanks to the Honourable minister's speech at the launch of the Barclays Bank Home loan product.

On behalf of Bank of Zambia and indeed on my own behalf, I would like to congratulate Barclays Bank Plc Zambia for leading the way in establishing long-term finance for the real estate sector.

Distinguished invited guests, its just a few months ago that I was invited to talk to an audience on the theme, "Investment opportunities in the Zambia real estate business: The role of Bank of Zambia" at a workshop on Investment Opportunities in Zambia – Integrating African Property Markets.

I remember telling the audience then that although the share of the real estate sector in GDP has been increasing over the years, it could perform even better if certain issues were addressed. I particularly mentioned the following as impediments to real estate sector development:

1. Lack of long term finance
2. High interest rates necessitated by among other things high inflation levels in Zambia
3. Poor credit culture among our people.
4. Lack of a more active secondary financial market

The picture was not promising for the real estate sector and the only positive economic variable I remember mentioning as helping the real estate sector was the exchange rate of the Kwacha that has been stable against major currencies since July 2003 when the Bank of Zambia introduced the broad-based inter-bank foreign exchange system (IFES).

Distinguished guests, today I feel honoured to tell you that most of the issues I raised a few months ago as impending real estate sector development are now being addressed.

First, the exchange rate of the Kwacha against major international currencies has continued to improve drastically.

Second, the issue of lack of long-term finance, an issue a few months ago has been resolved today with the announcement by Barclays Bank to offer home loans.

Third, the issue of high interest rates necessitated by among other things high inflation levels in Zambia. As at end December 2005, annual inflation was at 15.9% and is expected to go down further.

Fourth, the issue of poor credit culture among our people. Again I am happy to inform you that the central bank in partnership with the Bankers Association of Zambia are in the process of developing credit reference bureau guidelines and will in the near future issue licences to deserving companies.

Lastly, but not the least, the issue of lack of an effective secondary financial market in Zambia is being addressed with Commencement of work on the Financial Sector Development Plan (FSDP).

Let me join the Honourable Minister of Finance in wishing Barclays Bank Zambia PLC the very best of success with the launch of the Home Loan product.

I thank you!!