

Denny H Kalyalya: Expansion of Zambia's banking sector

Remarks by Dr Kenny H Kalyalya, Deputy Governor-Operations of the Bank of Zambia; at the official opening of Bank of China's new premises, Lusaka, 9 December 2008.

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- Honourable Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, MP;
- His Excellency – the Chinese Ambassador to the Republic of Zambia; Mr. Li Qiangmin;
- Managing Director of the Bank of China (Zambia) Limited; Mr Du Qiang;
- Distinguished Invited Guests;
- Ladies and Gentlemen.

I am greatly honoured for having been invited to speak on the occasion of the official opening ceremony of Bank of China's new premises.

Ladies and Gentlemen

As part of the on-going Zambia-Chinese relationship, the Bank of China was established in 1997. Since then the Bank has recorded tremendous progress.

Distinguished Invited Guests

During the past 8 years, the overall financial performance and condition of the banking sector has been satisfactory. The sector has continued to expand and we anticipate increased economic and investment activity in the period ahead. Banks are expected to continue to provide the required level of finance to consolidate the economic gains registered so far.

The Bank has achieved tremendous growth since its inception in 1997. During the last eleven years, total assets have increased by 325% to K507.9 billion in October 2008 from K13.8 billion in December 1997. Regulatory capital increased by about 1,000% to K41.9 billion in October 2008 from K3.8 billion December 1997. Similarly, the bank's profitability has steadily increased over the years.

The Bank has been a good supporter of a number of economic activities in Zambia, especially in the mining, textile, construction, banking and agriculture sectors. However, going forward, we wish to encourage the Bank to invest more in loans and advances, which have remained low at 4% of total assets as at end of October 2008 compared to the industry average of 45%.

Ladies and Gentlemen

The new offices being commissioned today should enhance the Bank's service delivery to its customers. We therefore wish to encourage the Bank to continue playing an active and effective role in stimulating economic activity through the provision of well structured financial products and services. Thus, boost growth in key sectors of the economy as well as enhancing access to finance and encourage more indigenous Zambians to establish relationships with the Bank.

It is our expectation also that the Bank will expand beyond one branch and broaden its customer base and operations swiftly in order to consolidate the gains that have been achieved over the last 11 years.

I thank you for your attention.