

Caleb M Fundanga: Catering for the un-banked population in Zambia

Speech by Dr Caleb M Fundanga, Governor of the Bank of Zambia, at the official opening of Stanbic Bank Limited's Mazabuka branch, Mazabuka Town, 10 October 2006.

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- The incoming Member of Parliament for Mazabuka, Honourable Gary Nkombo,
- The Regional Managing Director of Stanbic Africa, Mr. Clive Tasker
- The Town Clerk, Mr. Chingangu
- The District Commissioner, Mr. Chinda
- Traditional leaders here present; Chief Mwanachingwala, Chief Mwenda, Chief Hanjalika, Chief Nalwama, Chief Monze
- The Chairman of Stanbic Bank (Zambia) and all Board members present
- The Managing Director of Zambia Sugar Plc, and Managing Director of Stanbic Bank (Zambia) Ltd
- Stanbic Bank Management and staff present
- Distinguished invited guests, ladies and gentlemen

It is an honour and privilege to be invited to officiate at this important occasion. Today I join the Bank's Board Chairman in thanking the people of Mazabuka for the effort and support that has been extended in establishing this Stanbic Branch, which I believe is the first in Southern Province.

Distinguished Ladies and gentlemen, I have keenly followed the progress and growth of Stanbic Bank in the last few years and I must say that as Governor of the Central Bank, it has been very gratifying to witness the progressive strategies of a privately owned commercial bank.

I recall that not too long ago (about 18 months or so) Stanbic Bank took the very bold step of entering the community banking sector by adding Matero Branch to the bank's network and thereby brought superior banking services to the bottom end of the market. This was later followed by the opening of the Solwezi Branch, in what is now regarded as the new Copperbelt.

Ladies and Gentlemen, what has particularly caught my attention is that Stanbic Bank expansion has gone in tandem with the introduction of ATM services to these markets via the 'state-of-the-art' **Stanbic Auto Bank** to improve service delivery to our people. This is commendable.

Mr. Chairman, Ladies and Gentlemen, one of the major concerns that the Financial Sector Development Plan, and the Bank of Zambia in particular, have identified is the spectre of the un-banked public that hangs over the Zambian economy. The problem with having a greater number of our population being left out of the banking system is that it discourages the culture of saving and removes the un-banked population from the formal structure of the financial system. This ultimately leads to reduced funds being available in the economy for investment purposes.

Mr Chairman Sir, The opening of Mazabuka Stanbic branch is therefore particularly significant because it will not only address the problem of catering for the un-banked population, but also tap the tremendous business growth potential that this town offers. The expansion of the Zambia Sugar Plc operations and the anticipated opening of the Nickel Mine around Munali hills will all make a significant impact in boosting the living standards and job opportunities for the community of this town and the surrounding areas.

Besides, Mazabuka is a successful and expanding farming district. I therefore wish to take this opportunity, to extend my congratulations and good wishes, to the Board, Management and Staff of Stanbic Bank for the excellent business foresight in having decided to make Mazabuka the new location of your latest branch.

Mr. Chairman, Ladies and Gentlemen, the Bank of Zambia, has on a number of occasions indicated that the cost of banking services is relatively high in Zambia as compared to our neighbouring countries. This contention has been backed by studies conducted by the Bank of Zambia whose results have been communicated to commercial banks. As such, we take this opportunity to implore

commercial banks to reduce their lending rates and service charges in order to encourage greater economic activity.

With these few words, Ladies and Gentlemen, I declare Stanbic Bank Mazabuka Branch officially open.

I thank you.