PAYMENTS ASSOCIATION
OF ZAMBIA

# DIGITAL FINANCIAL SERVICES CODE OF CONDUCT

A SHARED FRAMEWORK FOR ETHICAL CONDUCT, CONSUMER PROTECTION, MARKET INTEGRITY AND RESPONSIBLE DIGITAL FINANCIAL SERVICES IN ZAMBIA.

# Background to the Development of the Digital Financial Services DFS Code of Conduct in Zambia

Digital Financial Services (DFS) in Zambia have evolved rapidly in recent years, transforming the delivery and accessibility of financial services and expanding financial inclusion. The increasing use of digital channels has enabled broader participation in the formal financial system by individuals and businesses, contributing to national development objectives.

The DFS sector operates within an established legal and regulatory framework overseen by the Bank of Zambia (BoZ) and supported by applicable laws, regulations, directives, and guidelines governing payment systems and related financial services.

While the growth of digital financial services has delivered significant benefits, it has also introduced new challenges relating to consumer protection, transparency, cybersecurity, data privacy, fraud prevention, operational resilience, service quality, and ethical business conduct.

These developments underscore the need for consistent industry standards that complement existing regulatory requirements and promote public confidence in digital financial services. As the umbrella body representing participants within Zambia's payments ecosystem, the Payment Association of Zambia (PAYZ) plays an important role in promoting industry collaboration, responsible innovation, and the advancement of best practices.

PAYZ recognizes that the sustainable growth and development of digital financial services depend not only on compliance with applicable laws and regulatory requirements, but also on the commitment of industry participants to uphold high standards of professionalism, integrity, consumer protection, transparency, accountability, and customer service. As the representative voice of the payments industry, PAYZ has therefore spearheaded the development of the Digital Financial Services Code of Conduct to establish a shared framework of principles, values, and standards that guide the conduct of participants across the DFS ecosystem.

The Code establishes a common framework for ethical conduct and responsible business practices within the digital financial services sector. It is intended to complement existing legal and regulatory obligations, promote consumer confidence, strengthen market integrity, support financial inclusion, and contribute to the development of a trusted, inclusive, and resilient digital financial services ecosystem in Zambia.

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# DIGITAL FINANCIAL SERVICES CODE OF CONDUCT

## Title

This Digital Financial Services Code of Conduct may be cited as the "DFS CoC."

## Interpretation

"Agent" *means an individual or collection of individuals or businesses, including Banks who function as a Digital Financial Services Provider's physical Consumer interface to deliver services like cash-in or cash-out, account opening, and payments, especially in areas with limited access to traditional banking*.

"Agent misconduct" *means any proved misconduct on part of an agent*

*of a DFS Provider*;

"Bank" *means an entity licensed by the Bank of Zambia to provide banking and financial services in Zambia*;

"Bank of Zambia (BOZ)" *means the Bank of Zambia as established under the Bank of Zambia Act, No. 5 of 2022*;

"Breach" *means a violation or non-compliance to the principles or requirements of the DFS CoC*;

"Cancellation" *means an indefinite time interval of cessation of membership, benefit and privilege from PAYZ as a sanction for a breach of a provision of the DFS CoC whereof a PAYZ member shall not be allowed to re-apply for membership in one year from the date of cancellation*;

"Collusion" *means any agreement, arrangement, understanding, coordinated practice, or concerted action between two or more Digital Financial Service providers, financial institutions, fintechs, payment service providers, agents, mobile network operators, switch operators, employees, or related parties intended to improperly influence, restrict, distort, manipulate, or undermine fair competition, market conduct, consumer rights, pricing, access, interoperability, or regulatory compliance within the Digital Financial Services ecosystem.*

"Consumer" *means any person who accesses and/or uses digital financial services*;

"Customer Negligence" *means any act or omission by a customer that demonstrates a failure to exercise reasonable care, prudence, and diligence in safeguarding authentication* *credentials, payment instruments, access devices, or personal financial information associated with digital financial services, where such failure directly or indirectly contributes to unauthorized access, fraudulent transactions, or financial loss.*

“Digital Financial Service (DFS)” *means a financial product and service, such as a payment, savings, credit, or insurance, delivered through digital channels through a mobile phone or such other device through a connectivity network or otherwise*.

“DFS employee(s)” *means any person working for or on behalf of a DFS Provider*;

“DFS Fine” *means an amount of money payable to, and whose framework is annually determined by PAYZ, as a sanction for a breach of a provision of the DFS CoC*;

“DFS Provider or E-Money Issuer” *means firms licensed to provide DFS by issuing electronic money (e-money) for payment transactions, operating similarly to banks but without lending capabilities, and requiring strict regulatory compliance to ensure Consumer protection and system integrity*;

“DFS Complaint” *means any complaint arising or associated with a prospective or existing DFS Consumer or Provider;*

“DFS Device” *means any device, equipment, or gadget, including a phone or computer, which is used to access or use DFS;*

“DFS Regulator” *means the statutory establishment mandated with authority to license the whole or components of the provision and regulation of DFS in Zambia and includes the Bank of Zambia, Zambia Information and Communications Technology Authority, Pensions and Insurance Authority, Securities and Exchange Commission, and Competition and Consumer Protection Commission*;

“DFS Trustmark” *means a certificate, seal, emblem or badge determined and issued by PAYZ to a DFS Provider for public display in recognition or consideration of compliance with the DFS CoC;*

“DFS Trustmark Downgrade” *means the reduction in the grading of a DFS Trustmark issued to the affected DFS Provider by PAYZ as a sanction for a breach of a provision of the DFS CoC;*

“Escalation of breaches” *refers to the progressive elevation of a compliance, operational, conduct, cybersecurity, or consumer protection breach to higher levels of management, governance, regulatory oversight, or enforcement action.*

“Failure to credit” *means any act or omission by a Digital Financial Service provider, payment* *service provider, financial institution, agent, switch operator, or related participant that results in a customer's account, wallet, or beneficiary account not being credited with funds within the prescribed or reasonable processing time after a transaction has been successfully initiated, authorized, completed, or debited from the payer.*

"Failed reversal" *means a situation in which a Digital Financial Service transaction that was required to be reversed, refunded, or returned to a customer is not successfully completed within the prescribed or reasonable timeframe, resulting in the customer not receiving the funds due following a failed, erroneous, cancelled, duplicated, disputed, or incomplete transaction.*

"Financial Technology (FinTech)" *means the application of digital innovation to the design and delivery of financial services and products, enabling faster, more efficient, and more accessible solutions for consumers, businesses, and institutions*;

"Financial inclusion" *means the availability and equality of opportunities to access a full range of affordable, appropriate, and timely financial products and services for all individuals and businesses;*

"Gross Customer Negligence" *means a serious or reckless disregard for the security of digital financial service accounts, authentication credentials, or payment instruments, where the customer's actions create a high likelihood of unauthorized access or fraud.*

"Interoperability" *means the ability of different systems, platforms, and apps to work together seamlessly by communicating and exchanging data securely and efficiently. This allows for smooth transactions, such as sending money between different mobile wallets or banks, and enables a more connected and efficient DFS ecosystem;*

"Mobile Money Operator (MNO)" *means an entity licensed by the Bank of Zambia to provide financial services via mobile phones or such other devices, allowing consumers to store, send, and receive money and pay for various goods and services without needing a traditional bank account*;

"Naming" *means the publication of a breach caused by a DFS Provider by PAYZ to the DFS ecosystem including the public as a sanction for a breach of a provision of the DFS CoC*;

"Payment Service Provider (PSP)" *means any licensed entity that facilitates the provision of digital payment services by offering infrastructure, security, and transaction processing capabilities, acting as an intermediary between payers and payees, including consumers, merchants, businesses, and institutions;*

"Relevant DFS Regulator" *means the DFS Regulator that is closely associated with the* *regulation of a DFS matter in issue;*

“Refund” *means the returning of money arising or relating to a DFS transaction;*

“Reportable Incident” *means an incident or an issue such fraud, money laundering and financing of terrorism which affect or are likely to affect confidence in or the integrity of DFS and is specifically required to be reported to PAYZ, a relevant DFS Regulator or DFS Provider*;

“Resolvable DFS Complaint” *means a DFS complaint that should have ordinarily been resolved in a specified time without delay or escalation;*

*“Repeated Breach” means the occurrence of two (2) or more confirmed violations of this Digital Financial Services Code of Conduct by a member institution, its agents, employees, or service providers within a defined monitoring period, indicating a failure to effectively implement corrective actions following a prior breach.*

*For the purposes of this Code:*

*a) A breach shall be considered repeated where the same provision, or different provisions of the Code, are violated more than once within a twelve (12) month period;*

*b) A breach may also be deemed repeated where similar patterns of misconduct or non-compliance persist after the member has received a warning, advisory notice, or corrective directive from the Association or relevant oversight body; and*

*c) The determination of a repeated breach shall take into account the frequency, nature, and impact of the violations on consumers, market integrity, or industry standards.*

“Sanction” *means a mechanism to enforce compliance and deter breach of the DFS CoC such as a DFS Fine, Suspension, Cancellation, DFS Trustmark Downgrade, Refund, Naming and Warning;*

“Suspension” *means a time interval of not more than one year of temporary cessation of membership, benefit and privilege from and issued by PAYZ as a sanction for a breach of a provision of the DFS CoC;*

“Unethical competition or marketing” *means any deceptive or unfair practices that harm DFS Providers or mislead consumers in terms of trademark infringement, false advertising aggressive sales tactics, misleading pricing, service or product imitation, defamation of* *competitors, and use of intimidation that tend to violate commercial good faith and legal regulations and result in unfair capture of market share and damage a rival's reputation;*

"Warning" *means a written warning issued by PAYZ as a sanction for a breach of a provision of the DFS CoC;*

"Unfair competition" *means any conduct, practice, agreement, omission, or abuse by a Digital Financial Service provider, financial institution, fintech, mobile network operator, payment service provider, agent, switch operator, or related participant that improperly restricts, distorts, undermines, or prevents fair, transparent, and lawful competition in the Digital Financial Services market.*

"Unfair Digital Financial Services Practice" *means any act, omission, representation, conduct, policy, or business practice by a Digital Financial Service provider, financial institution, fintech, payment service provider, mobile network operator, agent, or related participant that is deceptive, misleading, abusive, discriminatory, exploitative, unconscionable, anti-competitive, or otherwise harmful to customers, market integrity, or the safe and efficient provision of Digital Financial Services.*

"Zambia Information and Communications Technology Authority (ZICTA)" *means the Zambia Information and Communications Technology Authority as established under the Information and Communication Technologies Act, No. 15 of 2009*; and

"Zambia Police Service (ZPS)" *means the Zambia Police Service as established under the Zambia Police Act, Chapter 107 of the Laws of Zambia*.

## Effective Date

This Code shall come into effect upon formal adoption and signing by all DFS regulators. The code shall be mandatory to all DFS providers in Zambia.

## Application

This DFS CoC shall apply to all participants in Zambia's DFS ecosystem, including DFS Providers, DFS Consumers, and other relevant intermediaries.

## Preamble

This DFS CoC establishes DFS Provider competition and consumer protection practice and conduct standards, DFS Consumer rights, responsibilities, and obligations, and DFS Regulator interface with the DFS Providers and Consumers in ensuring transparency, fairness, security, and accountability in Zambia's DFS ecosystem, thereby fostering innovation, financial inclusion, trust, and financial stability.

## Purpose of the DFS CoC

The purpose of the DFS CoC is to enhance adherence to DFS core values and principles as follows:


## 6.1. Core Values and Principles

The following are the core values and principles aimed to be achieved through this DFS CoC:

### 6.1.1 Integrity

DFS providers shall conduct all digital financial services activities honestly, lawfully, and ethically.

### 6.1.2 Customer-Centricity

DFS providers shall prioritize the interests, dignity, and protection of customers in all decisions and provision of services.

### 6.1.3 Transparency

DFS providers shall communicate clearly, truthfully, and in plain language as they provide the financial services.

### 6.1.4 Accountability

DFS providers shall take responsibility for the systems, employees, agents, and partners in the provision of the financial services.

### 6.1.5 Fairness and Inclusion

DFS providers shall promote equitable access to safe and affordable financial services.

### 6.1.6 Security and Trust

DFS provider shall safeguard customer funds, data, and system integrity as they provide financial services.

## 6.2. Principles

### Consumer Protection

DFS providers shall ensure clear disclosure of pricing and terms, avoid predatory lending or hidden charges, Provide accessible complaint mechanisms and Resolve disputes within defined timelines.

### 6.2.1 Data Protection and Privacy

DFS Providers must collect only necessary customer data, obtain informed consent, Protect personal data against unauthorized access and Comply with applicable national data protection laws.

### 6.2.2 Responsible Pricing

DFS providers shall have Transparent fee structures, not apply excessive or unfair charges and Clear framework for the disclosure of applicable interest rates.

### 6.2.3 AML/CFT Compliance

DFS providers shall comply with Anti-Money Laundering and Counter-Terrorism Financing regulations that ensures proper Customer Due Diligence (CDD), Transaction monitoring and Suspicious Transaction Reporting

### 6.2.4 Risk Management

DFS providers shall maintain effective frameworks for Liquidity risk, Operational risk, Cyber risk, Fraud prevention and Business continuity

### 6.2.5 Interoperability and Open Access

DFS providers shall promote system compatibility, enable fair participation in national payment ecosystems and avoid anti-competitive practices

# DFS Consumer Rights, Responsibilities, and Obligations

The following are the rights, responsibilities, and obligations of DFS Consumers:

## 7.1. Rights of a DFS Consumer

A DFS Consumer shall have the following rights:

### 7.1.1 Transparent and Adequate Information

A DFS Consumer shall, as part of the right to transparent and adequate information, be entitled to:

***(a) Clear Terms & Conditions***

Receive all critical information in a simple and easy-to-understand language in the acquisition of any DFS, including key risks, fees, penalties, and interest rates, and tenures in the case of credit.

***(b) Pre-Transaction Disclosure***

Receive information on the complete cost of a transaction, including any third-party charges, before confirmation or an option to confirm or complete a transaction.

***(c) Account Statement***

Have access to, and receiving clear and regular, account statements or transaction history.

### 7.1.2 Fair and Equitable Treatment

A DFS Consumer shall, as part of the right to fair and equitable treatment, be entitled to be:

***(a) Non-Discrimination***

Treated fairly regardless of race, gender, religion, nationality, stature, or other differentiating considerations.

***(b) Fair Contract Terms***

Protected against one-sided, restrictive, or unfair clause(s) in DFS agreements or contracts.

***(c) Ethical Recovery or Debt Collection***

Treated with dignity and respect, without harassment, abuse, or deception, in execution of any term(s) and condition(s) for any DFS, including debt collection, predatory lending, unauthorised deductions, or forced opt-ins.

### 7.1.3 Privacy and Data Protection

A DFS Consumer shall, in addition to the rights and obligations of data subjects as set out in the Data Protection Act and other related laws, etc., as part of the right to privacy and data protection, be entitled to:

***(a) Data Confidentiality***

Having personal and financial data kept confidential and secure from unauthorised and unlawful access or use.

***(b) Control Over Data***

Being informed on how personal data is collected, used, stored, shared and giving explicit consent for the initial and further processing of the data for data sharing with third parties for marketing or other purposes, either by the DFS Provider or any other third-party processor with a legitimate basis of doing so.

**(c) *Right to Be Forgotten***

Having personal data deidentified, destroyed or deleted when it is not required or has served the purpose for which it was acquired in accordance with relevant laws.

### 7.1.4 Security and Safety

A DFS Consumer shall, as part of the right to security and safety, be entitled to:

**(a) *Secure Platforms***

Employing robust security measures by DFS Providers, including encryption, fraud monitoring, and secure servers, to protect accounts and transactions.

**(b) *Prompt Notification***

Being immediately informed of any known security breaches that could affect the DFS Consumer.

**(c) *Protection Against Unauthorised Transactions***

Being protected from liability on transactions not authorised by the DFS Consumer, provided they have not been negligent.

### 7.1.5 Complaint and Redress of Complaint

A DFS Consumer shall, as part of the right to complain and have redress of a complaint, be entitled to:

**(a) *Accessible Complaint Channel(s):***

By having accessible, easy, affordable, and transparent mechanisms to lodge complaints with the DFS provider.

**(b) *Timely Resolution:***

By receiving a timely acknowledgment and resolution of the complaint within an explicitly stated period.

**(c) *Escalation Path:***

By having the right to escalate an unresolved complaint to an independent external dispute resolution body or the financial sector regulator, including PAYZ, BOZ, ZICTA, or such other Financial Ombudsman as may be established.

### 7.1.6 Choice and Competition

A DFS Consumer shall, as part of choice and competition, be entitled to:

**(a) *Freedom to Choose:***

Choose from a range of DFS providers and products without undue pressure or bundling.

***(b) Freedom of Portability:***

Switch DFS Providers or close a DFS account without complexity, cost, or delay provided that terms and conditions are complied with.

### 7.1.7 DFS Education and Awareness

A DFS Consumer shall, as part of financial education and awareness, be entitled to:

***(a) Access to Financial Education***

By providing access to unbiased financial literacy resources and tools, in order to enable a DFS Consumer to make an informed decision.

***(b) Awareness of Risks & Responsibilities***

By being made aware of the risks associated with DFS and ensure compliance with DFS Consumer responsibilities and obligations.

## 7.2. Responsibilities of a DFS Consumer

A DFS Consumer shall be expected to proactively comply with DFS Consumer responsibilities in order to access and use DFS safely and effectively as follows:

### 7.2.1 Responsibility to Secure Personal Information and Device(s)

A DFS Consumer shall at all times:

***(a) Secure a DFS Device(s)***

By using PINs, biometrics, or patterns to lock mobile phones and computers. Install reputable security software and keep it up to date.

***(b) Safeguard DFS Device Credential(s)***

By keeping PINs, passwords, and One-Time Passwords (OTPs) secret and never sharing them with anyone, including family or DFS Provider or Agent.

***(c) Cautious Use of DFS Device on Public Network(s)***

By avoiding or being cautious in accessing and using DFS over unsecured public networks.

### 7.2.2 Responsibility to Stay Informed on DFS Issues

A DFS Consumer shall at all times:

***(a) Read and Understand***

By carefully reading all terms and conditions, fee schedules, and product features before signing up or transacting.

***(b) Seek Clarification***

By asking questions until a product, its costs, and its risks are fully understood.

***(c) Seek Interpretation or Translation***

By asking, and if practical, to interpret or translate information or recommend a practical nearest place or means for interpreting or translating information.

***(d) Be Current on DFS Developments***

By keeping abreast of notifications from a DFS Provider regarding changes in terms, new fraud alerts, or system updates.

### 7.2.3 Responsibility to Transact Cautiously and Conduct Verification

A DFS Consumer shall at all times:

***(a) Review Transaction Alerts***

Be attentive to transaction alert messages or emails for every transaction and report any discrepancies to a DFS Provider instantly.

***(b) Verify Beneficiary's or Recipient's Details***

Double-checking the recipient's name and number before sending money.

***(c) Verify the Authenticity of an Agent***

Ensure that the agent attending to a transaction in question is identified through the designated identification as may be issued by a DFS Provider.

***(d) Be Cautious of Social Engineering***

Be sceptical of unsolicited calls, emails, or messages asking for personal or financial information, even if they are from a trusted source.

### 7.2.4 Lawful and Ethical Conduct

The following shall be considered ethical and lawful use of DFS:

***(a) No Fraudulent Activity or Misuse of Information***

Ensure that no access or use of DFS for any illegal or fraudulent purposes, including money laundering or financing illegal activities.

***(b) Provision of Accurate Information***

Provide accurate and truthful information during registration and the KYC processes.

***(c) Meet Obligations and Commitments***

Repay loans, credit, and other financial obligations as agreed upon in the contract.

### 7.2.5 Responsibility to Promptly Report DFS Issues

The following are responsibilities on requirements for prompt reporting of DFS-related issues:

***(a) Report Lost or Stolen Devices***

Immediately or as soon as practical, inform such a DFS provider on a phone or device through which DFS is accessed and used that it has been lost or stolen, to suspend affected or potentially affected DFS.

***(b) Report Unauthorised Transaction(s)***

Report any suspicious or unauthorised transactions on their DFS account as soon as they notice them.

***(c) Provide Feedback***

Provide constructive feedback or information to a DFS Provider to facilitate the provision of help and improve DFS.

## 7.3. Obligations of a DFS Consumer

The following are obligations of required to be met by DFS Consumers:

### 7.3.1 Provision of Accurate KYC Information

(a) Lawfully provide valid, truthful, and up to date Know Your Consumer (KYC) information or such information or particulars.

(b) Ensure that KYC information is, voluntarily or on request, updated whenever particulars change.

(c) Ensure that KYC information or particulars may include proof of National Identity, residential address, or marker, or such other required information in tandem with applicable laws and/or a policy or policies.

### 7.3.2 Adherence to DFS Terms and Conditions

(a) Be bound by all lawful terms and conditions of such applicable agreement as may have been entered into with a DFS Provider.

(b) Comply with the DFS Provider's acceptable use policy and ensure that there is no prohibitive, abusive, illegal, or system-damaging DFS use or activities.

### 7.3.3 Bearing Liability for Negligence

(a) Digital Financial Services providers shall establish a transparent liability framework for unauthorized transactions that clearly distinguishes between system failure, ordinary customer conduct, and customer negligence.

(b) Providers shall bear the burden of demonstrating that a disputed transaction was properly authenticated and that all security systems were functioning effectively at the time of the transaction.

(c) Customer negligence generally involves one or more of the following behaviors:

i. **Disclosure of confidential information**: Sharing PINs, passwords, One Time Passwords (OTPs), or security codes with third parties.

ii. **Poor safeguarding of access devices:** Leaving a phone, SIM card, ATM card, or authentication device unattended or unsecured.

iii. **Ignoring security warnings:** Proceeding with transactions despite fraud alerts or system warnings.

iv. **Delayed reporting**: Failing to promptly notify the financial service provider after discovering loss, theft, or suspicious transactions.

v. **Unsafe digital behavior**: Clicking phishing links, installing unverified applications, or using public/shared devices to access financial services.

***(d) Failure to understand the terms and conditions related to the selected product/service of choice.***

(a) Meet all duties, responsibilities, and obligations applicable to DFS are adhered to and avoid being negligent.

(b) Where there is a loss or damage suffered by a DFS Consumer and it is found to have been caused by personal negligence, bear the loss for the negligence per the terms of their agreement and applicable law.

**i.** Zero Customer Liability; this is Where unauthorized transaction occurs without customer negligence and is caused by system failure, fraud, or security breach at the provider level, the customer bears no liability

**ii.** Limited Customer Liability; Unauthorized transaction occurs before the customer reports loss, theft, or compromise of credentials but without evidence of customer negligence.

**iii.** Full Customer Liability; Loss results from customer negligence or gross negligence, such as sharing PINs or authentication codes.

### 7.3.4 Settling Fees, Charges, or Credit

Meet all legitimate fees, charges, credits, and such outstanding payments as they fall due according to the signed contract.

## DFS Provider Rights, Obligations and Duties

A DFS Provider shall have rights, obligations and duties towards DFS Consumers, Regulators, and other DFS Providers as follows:

## 8.1. DFS Provider Rights

The following are the rights of DFS Providers:

### 8.1.1 Fair Market Access and Competition

Freely access the DFS market without any hinderance or acts that compromise free market access and competition with or amongst other DFS Providers.

### 8.1.2 Transparent and Predictable Regulation and Dialogue

Participate in the development and implementation of DFS regulations and regulatory processes and that the same be presented in a clear, simple and easy to understand.

### 8.1.3 Partnership and Collaboration

Freely partner with any DFS Provider in accordance with prevailing laws and collaborate on any initiatives aimed at fostering financial inclusion through DFS.

### 8.1.4 Data Privacy and Intellectual Property Protection

(a) A DFS Provider shall have the right to protect its information as well as any intellectual property over data generated, stored or conveyed by it, including proprietary systems, software, algorithms, and content developed or used in the provision of DFS services.

(b) The DFS Provider shall take reasonable measures to safeguard such intellectual property against unauthorized use, reproduction, alteration, or disclosure.

### 8.1.5 DFS Consumer Trust, Recognition and Security

Be trusted, recognised and protected in the provision or development of DFS by all players especially the DFS Consumers and Regulators.

## 8.2. Obligations and Duties to DFS Regulator(s)

A DFS Provider shall have obligations and duties towards DFS Regulators as follows:

### 8.2.1 Compliance with DFS Laws, Policies, Strategies, or Other DFS Legal Instruments

By adhering to and ensuring all line DFS staff are informed and compliant with the requirements of the prevailing DFS laws, policies, strategies, or other legal instruments.

### 8.2.2 Anti-Money Laundering (AML) & Counter-Terrorism Financing (CTF)

A DFS Provider shall ensure compliance with AML and CTF as follows:

***(a) Ensure Strict KYC Compliance***

By verifying consumer identity using National Registration Card (NRC), passports, or biometrics.

***(b) Monitor and Report Suspicious Transactions***

By monitoring and reporting to the Financial Intelligence Centre (FIC) as per the prevailing FIC Act.

### 8.2.3 Effective Network and Cybersecurity & System Integrity

A DFS Provider shall ensure compliance with cybersecurity & system integrity requirements as follows:

***(a) Network Connectivity***

Ensure high-quality, stable, and secure network connectivity to support uninterrupted DFS.

(b) ***Regular Security Audit(s):***

Conduct periodic penetration tests within a year following material changes or security incidents or at least once in a year in absence material change(s) or security incident(s) and report findings to BOZ, ZICTA and any other authority as may be required.

(c) ***Encryption & Fraud Detection:***

Use end-to-end encryption, including automated, artificial intelligence or such other appropriate systems or measures that ensure fraud monitoring and reporting.

## 8.3. Obligations and Duties to DFS Consumers

A DFS Provider shall have obligations and duties to DFS Consumers as follows:

### 8.3.1 DFS Education Information, Interpretation, and Translation

(a) A DFS Provider shall progressively provide consumer education in widely used local languages, ensure interpretation or translation of key information, and support financial literacy initiatives in line with relevant consumer laws, regulations and policies.

(b) Provision or progressive provision of DFS information of operations shall include means for interpreting or translating that information into a language a DFS Consumer can properly understand from the primary English version.

### 8.3.2 DFS Consumer Opening, On-boarding, and Reactivation of the DFS Account

A DFS Provider shall ensure that:

(a) A DFS Providers shall ensure timely DFS account activation within twenty-four (24) hours and reactivation within forty-eight (48) hours upon completion of due diligence.

(b) A DFS Provider shall maintain records of account opening/reactivation requests and provide consumers with recourse mechanisms if timelines are not met.

(c) Due diligence is as practically as possible, conducted at or around the time of a request to reactivate an existing DFS account and confirm the same within twenty-four (24) hours of the request.

### 8.3.3 Fair Pricing and Transparency

(a) A DFS Provider shall ensure fair and non-discrimination in the pricing of DFS and that the same should be affordable to all.

(b) Disclose all fees, charges, interests, and terms and conditions in plain and simple applicable language.

(c) Instantly send a notification on every transaction by instant means such as messages, emails or otherwise.

(d) Have every notification in a format that can be stored and referenced to a corresponding DFS Provider's and/or Consumer's record.

### 8.3.4 Notification of Change(s) in Terms and Conditions of DFS

Notify DFS Consumers on changes in the prevailing terms and conditions of the DFS, including on fees, charges, and interest, at least thirty (30) days before effecting the change.

This is with an exception for urgent changes required by regulators, law enforcement, cyber security or system risk controls, with notice to be given as soon as reasonably practicable.

### 8.3.5 Data Privacy & Confidentiality

A DFS Provider shall ensure that:

(a) It is compliant with all prevailing data laws, including policies governing DFS data acquisition, storage, utilisation, and disposal.

(b) DFS data is confidential and only affects exceptions in terms of such relevant law as may be prevailing.

(c) Explicit consent is obtained from a DFS consumer if the DFS Provider seeks to share, transfer, or sell DFS data to third parties.

(d) Where there is a breach in terms of the prevailing data laws, including policies governing DFS data acquisition, storage, or utilisation, the same shall be reported within forty-eight (48) hours to the relevant DFS Regulator including the Data Protection Commission.

### 8.3.6 Prevention of Fraud

A DFS Provider shall ensure that:

(a) It implements strong authentication systems, which include consistent and constant use of the improved security systems, such as biometrics and PINs, in order to prevent fraud or any other illegalities.

(b) DFS Consumers are, from time to time, enlightened on matters of fraud or such other or similar illegalities.

(c) DFS Consumers are timely informed of attempts at fraud or such other or similar illegalities as may be practical.

### 8.3.7 Employee and Agent Standards, Conduct and Management

(a) **DFS Employee and Agent Registration**

A DFS Provider shall ensure that:

(i) DFS employees and agents are registered and assigned unique identification.

(ii) Keep and maintain an updated register of DFS employees and agents with relevant details, including current address.

(iii) Biannually submit a list of employees and agents as required by DFS regulator(s) and copied to PAYZ.

***(a) DFS Training, Management, and Reporting Requirements***

A DFS Provider shall ensure that employees and agents:

(iv) Train in DFS Consumer service, including fraud prevention and reporting, and liquidity management and are provided with refresher courses regularly.

(v) Are provided with continuous guided or self-continuous agent development with relevant assessment and grading.

(vi) Provide DFS in a courteous, timely, efficient, and effective manner.

(vii) Provide and ensure that they maintain sufficient liquidity during the relevant business hours.

(viii) Have the means to immediately report service provision challenges and suspicious or illegal transactions or activities on DFS accounts.

### 8.3.8 Complaint Handling and Resolution

A DFS Provider shall ensure that it has in place a robust complaint handling and resolution procedure and endeavours to meet the bare minimum as provided below:

### 8.3.9 Complaints Managing and Resolution Team

(a) It has a dedicated team with a leader and systems that shall be responsible for complaint data capture as well as verification, confirmation, or validation of the status of the Complaint or its resolution.

(b) The dedicated team, through its leader, shall ensure active and verifiable coordination and collaboration with other DFS Providers and Regulators.

(c) It provides a summary report on the complaints, their status in terms of progress or resolution to such DFS Regulators, including PAYZ.

### 8.3.10 Complaints Reporting Platforms or Channels

A DFS Provider shall ensure that:

(a) It provides a platform and means, such as consumer care or hotlines, through which DFS Complaints are lodged.

(b) The platforms and means for reporting DFS Complaints are wide enough to cover all DFS Consumers.

(c) On reporting of a Complaint, a trackable Complaint number is provided to the complainant DFS Consumer within a stipulated timeline by means such as SMS, email, or such other recordable and traceable means.

(d) The complainant DFS Consumer is informed of the steps that will be followed all the way through to the time at which the Complaint shall be resolved, including estimated timelines until such a time that the Complaint is resolved.

### 8.3.11 Complaints Handling and Resolution Timelines

A DFS Provider shall ensure that: A DFS Complaint is acknowledged and assigned a Complaint number within twenty-four

(24) hours and provide indicative next steps until resolution or attempt thereof.

(a) A resolution of the Complaint is made within the timelines specified in Annexure II, subject to the consumer cooperating and providing complete and accurate information.

(b) Where the resolution is delayed, reasons shall be communicated to the DFS Consumer within seventy-two (72) hours of expiry of the timelines specified in Annexure II.

(c) A DFS Provider shall not be liable for delays proven to have been caused by third-party dependencies, consumer negligence, or circumstances beyond its control.

(d) Proven frivolous or malicious complaints may be closed and communicated to the DFS Complainant.

### 8.3.12 Escalation or Appeal on a DFS Complaint

(a) A DFS Provider shall inform a DFS Complainant of the right to escalate or appeal an unresolved or unsatisfactory resolution of DFS Complaint to a specified DFS Regulator.

(b) Escalation must be made in accordance with Annexure II provided that:

(i) A DFS Consumer or Provider shall escalate a DFS Complaint if the DFS Complaint is not resolved in accordance with Annexure II; or

(ii) Where the DFS Consumer or Provider is not satisfied with the resolution by a DFS Provider.

(c) A relevant DFS Regulator may determine the Complaint and guide or provide a decision on the resolution within thirty (30) days.

(d) In determining a complaint on escalation or appeal, a relevant DFS Regulator shall take such steps as may be necessary to understand the complaint at hand to provide relevant and appropriate guidance or a decision to a DFS Provider.

(e) A DFS Provider shall not be liable for:

(i) failure by a DFS Complainant to provide complete and accurate requested information in line with the DFS Provider's internal resolution process(es); or

(ii) delays in the DFS Regulator's determination or for escalations arising from proven frivolous or malicious complaints.

### 8.3.13 DFS Complaint Resolution Board

(a) There shall be established a DFS Complaint Resolution Board of such an odd number of persons not exceeding five (5) persons may be constituted by PAYZ, on its own volition or at the request of a DFS Consumer or Provider, to determine a DFS Complaint on escalation or appeal.

(b) Appointment to the DFS Complaint Resolution Board shall be in consultation with the parties and have due regard to relevant technical requirements including matters of actual or perceived conflict of interest or undue influence.

(c) The Chairperson of the DFS Complaint Resolution Board shall be chosen from amongst the appointed persons.

(d) PAYZ shall set out terms of reference and conditions upon which the DFS Complaint Resolution Board shall operate and be remunerated including allocation of costs on the parties on principles of equity.

(e) The DFS Complaint resolution proceedings shall respect due process, confidentiality, and operational realities.

(f) The DFS Complaint Resolution Board's decisions shall be binding insofar as self-regulation is concerned but without prejudice to the party's other legal rights.

(g) A DFS Provider shall not be liable for delays or outcomes where DFS Complaint Resolution Board processes overlap with regulator process(es).

## Obligations of a DFS Provider to other DFS Providers

The following are the obligations expected of each DFS Provider towards another DFS Provider:

### 9.1. Interoperability, Financial Inclusion and Stability

A DFS Provider shall ensure:

(a) Support and promotion of interoperability with relevant acceptable technical and security requirements to ensure seamless and non-discriminatory access to payment infrastructures for all licensed providers.

(b) Full and open disclosure of applicable fee structure for accessing core interoperability services, such as wallet-to-wallet transfers, in order to encourage affordability and prevent dominant players from using unjustifiable high costs to suppress competition.

(c) Coordinate, cooperate, support, and participate towards ensuring deepened financial inclusion and stability in the DFS ecosystem through innovation and collaboration between and amongst DFS Providers.

### 9.2. Anti-Competitive Marketing and Advertising

A DFS Provider shall ensure that:

(a) The Advertisement or promotion of DFS in a truthful and non-deceptive manner that ensures that DFS consumers are not misled or harmed by the information presented.

(b) Another DFS Provider is not disadvantaged or injured in the manner in which advertisement or promotion of DFS is done.

(c) A DFS Provider shall ensure that it has a uniform and easily comparable format for presenting all fees and charges in order to eliminate hidden fees and allow consumers to readily compare costs.

(d) A DFS Provider shall ensure that it does not engage in unethical marketing or competition, including any deceptive practices such as disparaging other DFS Providers and making unsubstantiated claims of superiority, or misleading DFS consumers about the costs of other DFS Providers (s).

### 9.3. Fair Practice, Competition and Non-Discrimination

A DFS Provider shall ensure that:

(a) DFS is progressively made available to all Zambians, including rural, low-income, and marginalised populations, in furtherance of financial inclusion through collaboration and coordination.
(b) All other DFS providers are fairly treated and have access to necessary services like bulk payment, Application Programming Interfaces (APIs) or agent networks on the same commercial terms as they offer their own internal business units.
(c) In furtherance of objectives under the FinTech Regulatory Sandbox, have and publish clear, determinable, and fair processes for partnerships with a FinTech.

### 9.4. Corporate Governance, Board and Management Accountability

A DFS Provider shall ensure provision and implementation of ethical leadership in all, especially senior executive positions, who must comply with all applicable tenets of good corporate governance and commit to ensuring compliance with this DFS CoC at both Board and Management level.

### 9.5. Audits and Regulatory Reporting

A DFS Provider shall:

(a) Submit a quarterly compliance report to the relevant DFS Regulator and PAYZ.
(b) Conduct an independent annual third-party audit on DFS security, anti-money laundering, consumer protection, and complaints handling, among other benchmarks as may be determined. Provide and ensure whistleblower protection to protect not only the public but also employees reporting DFS misconduct.

## Compliance and Enforcement of the DFS CoC

A DFS Provider shall ensure that:

(a) It complies with the relevant parts of this DFS CoC at all levels of its operations as is herein required.
(b) Where a breach is determined, such breach shall attract a sanction as provided in Annexure III, which shall be enforceable, and complied with.

## General DFS Dispute Resolution

(a) Without prejudice to legal rights parties, any DFS dispute between or among DFS Consumers and Providers, shall first be resolved or attempted to be resolved through employing alternative dispute resolution such as negotiation, conciliation, mediation and arbitration.
(b) The parties shall through PAYZ, BAZ and such other relevant stakeholder, determine through

party driven neutral appointed person(s), determine the framework including qualification, experience, terms of reference, timelines and remuneration among others for persons appointed to resolve a dispute.

(c) Despite the generality of 11(b), the general and standard principles including best practices applicable to any adopted alternative dispute resolution mechanism shall apply.

## Review & Amendment

This DFS CoC will be reviewed every three years or such other lesser time as the membership and stakeholders may determine in order to align with experiences, technological advancements, global best practices, and regulatory changes.

Signed, witnessed, acknowledged and approved for implementation for and on behalf of all Parties on:

This ………………..... day of……. .................................................................... 2026

Annexure I

## DIGITAL FINANCIAL SERVICES (DFS) CODE OF CONDUCT (COC) ACKNOWLEDGMENT AND COMMITMENT

### 1. Preamble

This Acknowledgment affirms our collective commitment to the principles and standards set forth in the Digital Financial Services Code of Conduct ("the DFS CoC"). We recognize that ethical market conduct, consumer protection, and transparent operations are fundamental to building trust, promoting financial inclusion, and ensuring the sustainable growth of DFS in Zambia.

Date of DFS CoC Adoption: ..........................................................................................

Effective Date of the first and effective acknowledgment: ......................................................

### 12.1. Collective Declaration of Commitment towards the DFS CoC:

Together**, as stakeholders in Zambia's DFS**, we hereby:

- **Affirm** our shared responsibility for building a trustworthy, inclusive, and resilient DFS ecosystem;
- **Pledge** to work collaboratively through dialogue, transparency, and mutual respect to implement and uphold this DFS CoC;
- **Recognize** that the success of this Code depends on the active participation and good faith of all signatories; and
- **Commit** to making DFS work better for all Zambians.

### 12.2. Initial and Subsequent Acknowledgment and Commitment to the DFS CoC

The parties or stakeholders on the initial launch hereby acknowledge the DFS Code and the Commitment towards its objectives below and any party who subsequently duly acknowledge the same, their acknowledgment and commitment shall take the same effect as the initial parties as provided in the Section A, B and C below:

## Section A: PAYZ Acknowledgment

We, **the Payments Association of Zambia ("PAYZ")**, representing the collective voice of the DFS in Zambia, hereby acknowledge our critical role and commit to:

1. **Stewardship:** Championing the DFS CoC's principles and serving as its primary custodian and advocate.
2. **Governance:** Operating the DFS CoC with impartiality, transparency, and effectiveness.
3. **Support:** Providing members with implementation guidance, training resources, and a platform for sharing best practices.
4. **Oversight:** Monitoring adherence to the DFS CoC, operating a fair and accessible independent dispute resolution mechanism (DFS Complaints Resolution Board), and publishing regular industry reports.
5. **Evolution:** Regularly reviewing and proposing updates to the DFS CoC to ensure its relevance in a dynamic technological landscape.

We pledge to execute these duties diligently for the benefit of all DFS Consumers, Providers and stakeholders for sustainable growth and provision of DFS in Zambia.

For **the Payments Association of Zambia ("PAYZ")**:

**Signature**: ........................................................

**Name**: ..............................................................

**Title**: Chief Executive Officer

**Date**: ................................................................

Stamp/Seal

## Section B: DFS Provider Acknowledgment

We, [.............................................................], a licensed DFS Provider in Zambia, hereby acknowledge receipt, understanding, and commitment to the Zambia DFS Code of Conduct. We commit to:

1. **Integrate:** Embedding the DFS CoC's principles into our policies, procedures, product design, and corporate culture.
2. **Comply:** Adhering to all applicable standards of the DFS CoC, including those related to transparency, fair treatment, data privacy, security, and responsible lending.
3. **Educate:** Training our staff, agents, and partners on their responsibilities under this DFS CoC.
4. **Be Accountable:** Establishing effective internal grievance redressal mechanisms and cooperating fully with the PAYZ DFS Complaints Resolution Board and relevant regulators.
5. **Report:** Submitting required compliance reports truthfully and in a timely manner and promptly reporting material breaches.

We understand that failure to uphold these commitments may result in remedial actions or sanctions including a DFS Fine, membership suspension or cancellation, downgrade or delisting for a DFS Trustmark, or referral to DFS Regulators.

For: ..............................................................

**Signature**: .....................................................

**Name**: ..........................................................

**Title**: ............................................................

**Date**: ............................................................

Stamp/Seal

## Section C: DFS Regulator Acknowledgment

We, **the undersigned DFS Regulators**, acknowledge the DFS CoC as a vital complement to the formal regulatory framework.

We recognize and commit to:

1. **Endorse:** Formally recognizing the Code as a benchmark for good market practice within the DFS sector.
2. **Support:** Encouraging regulated entities to adopt and adhere to the Code's standards as a demonstration of good conduct.
3. **Collaborate:** Engaging with the DFSAZ Governance Council, sharing relevant supervisory insights (where legally permissible), and participating in the Code's review process.
4. **Incorporate:** Considering adherence to this Code as a positive factor in our risk-based supervisory assessments.
5. **Uphold:** Where Code breaches also constitute regulatory violations, exercising our statutory powers to protect consumers and ensure market integrity.

This acknowledgment signifies a shared vision for a stable, fair, and innovative DFS in Zambia.

### For the Bank of Zambia (BoZ):

**Signature**: ......................................................
**Name**: ..........................................................
**Title**: ............................................................
**Date**: ............................................................

Stamp/Seal

For **the Zambia Information and Communications Technology Authority (ZICTA)**:

**Signature**: ........................................................
**Name**: ............................................................
**Title**: ..............................................................
**Date**: ..............................................................

Stamp/Seal

For **the Competition and Consumer Protection Commission (CCPC)**:

**Signature**: ........................................................
**Name**: ............................................................
**Title**: ..............................................................
**Date**: ..............................................................

Stamp/Seal

## Section D: Consumer Society Acknowledgment

We, **the undersigned DFS Consumer Society**, acting as a voice for users of digital financial services in Zambia, acknowledge the **DFS CoC**.

We:

1. **Acknowledge** the DFS CoC as a significant step toward strengthening DFS consumer protection and rights in Zambia.
2. **Commit** to raising public awareness of the DFS CoC, educating DFS Consumers on their rights and responsibilities under it, and guiding them on available recourse mechanisms.
3. **Pledge** to provide constructive feedback to the PAYZ on the DFS CoC's implementation effectiveness and emerging consumer harms.
4. **Will Monitor** the practical application of the DFS CoC from a DFS consumer perspective and advocate for its rigorous enforcement.

We see this DFS CoC as a living document and will actively engage in its future development to ensure it remains responsive to DFS Consumer needs.

For [Name of Consumer Organization]:

**Signature**: ......................................................

**Name**: ..........................................................

**Title**: ............................................................

**Date**: ...........................................................

Stamp/Seal

Annexure II

## DFS Complaint, Resolution and Escalation Timelines

| S/N | Issue/Complaint | Resolution Timeline (Hours/Days) | Escalation Timeline (Hours/Days) |
|---|---|---|---|
| 1. | Complaint Acknowledgment and Assignment of Complaint Number | ≤ 24 hours | ≥ 48 hours |
| 2. | Failed Transaction | ≤ 24 hours | ≥ 24 hours |
| 3. | Request for Reversal | ≤ 24 hours | ≥ 24 hours |
| 4. | Reversal of Transaction | ≤ 24 hours | ≥ 3 days |
| 5. | Request to Block Personal Account | ≤ 24 hours | ≥ 24 hours |
| 6. | Missing Funds (Non-Fraud), and Fraud | ≤ 72 hours after Investigation Finding(s) or Court Order or Judgment | ≥ 7 days |
| 7. | Account or Transaction Record/History | ≤ 24 hours | ≥ 3 days |
| 8. | Request for security PIN Reset | ≤ 72 hours | ≥ 5 days |
| 9. | Interest Miscalculation | ≤ 72 hours | ≥ 5 days |
| 10. | Transaction Notification | ≤ 24 hours | ≥ 3 days |
| 11. | Complaint Handling Information, Flow and Guidance | ≤ 24 hours | ≥ 3 days |
| 12. | Misrepresentation | ≤ 3 days | ≥ 7 days |
| 13. | False Advertisement | ≤ 24 hrs | ≥ 7days |
| 14. | Unfair Competition/Collusion | ≤ 3 days | ≥ 7days |
| 15. | Unfair DFS Practice | ≤24 hours | ≥ 7 days |
| 16. | Confidentiality/Privacy | ≤ 24 hours | ≥ 3 days |

| S/N | Issue/Complaint | Resolution Timeline (Hours/Days) | Escalation Timeline (Hours/Days) |
|---|---|---|---|
| 17. | Agent Incompetence, lack of Certification and Identity | ≤ 24 hours≤ | ≥ 3 days |
| 18. | Agent Liquidity Lapse | ≤ 24 hours | ≥ 48 hours |
| 19. | Agent Misconduct | ≤ 7 days | ≥ 14 days |
| 20. | DFS Interruption/Outage | ≤ 24 hours | ≥ 24 hours |
| 21. | Non-disclosure, change or violation of DFS terms and conditions | ≤ 3 days | ≥ 7 days |
| 22. | Unauthorised / unwarranted Fee | ≤ 24 hours | ≥ 72 hours |
| 23. | KYC Correction | ≤ 24 hours | ≥ 2 days |
| 24. | Activation of a New DFS Account | ≤ 24 hours | ≥ 48hours |
| 25. | Reactivation of a DFS Account | ≤ 3 | ≥ 72 hours days |
| 26. | Updates/Communication on Complaints | on expiry on any timeline | 3 days on expiry on any timeline |

Annexure III

## BREACHES AND SANCTIONS FOR BREACHES OF THE DFS COC

1. **Introduction**:

The table below provides for selected breaches and applicable sanction(s) against a DFS Provider. A breach shall be construed as any DFS issue affecting or causing loss of value, confidence & trust in the building trust, promoting, maintaining and ensuring the sustainable financial inclusion and growth in the uptake and usage of DFS in Zambia. Thus, a breach(es) and sanction(s) shall be read in light or together with applicable main provisions of the DFS CoC obligations, rights and responsibilities among others. Hence, any breach not specifically stated in the table shall be determined in proximity to a nearest or comparable enlisted breach and a sanction(s) shall apply accordingly.

Additionally, on determination of a breach(es), a breach and sanction in question shall be specifically set out, including its nature and impact per breach classification impact assessment provided immediately preceding the table on breaches and sanctions. The classification of a breach shall be as follows:

(a) **Fundamental Breach** - a breach happening at a rate, a percentage or negatively affecting 80% to 100% of DFS Consumers or Providers.

(b) **Significant Breach** - a breach happening at a rate, percentage or negatively affecting 50% to 79% of DFS Consumers or Providers.

(c) **Moderate Breach** - a breach happening at a rate, percentage or negatively affecting 30% to 79% of DFS Consumers or Providers.

(d) **Low Breach** - a breach happening at a rate, percentage or negatively affecting 15% to 29% of DFS Consumers or Providers.

(e) **Negligible Breach** - a breach happening at a rate, percentage or negatively affecting less than 5% of DFS Consumers or Providers.

## Breaches and Sanctions

| S/N | Breach | Measure of the Breach | Sanction | | | |
|---|---|---|---|---|---|---|
| | | | 1st Breach | 2nd Breach | 3rd Breach | Subsequent Breach |
| 1 | Non-Issuance of Transaction Notification | 5% of Transactions Complaints Unissued Transaction notifications | DFS Fine | 50% increase in DFS fine | 100% increase in DFS fine | DFS Trustmark Downgrade and increase in DFS Fine by 100% |
| 2. | Failure to Keep Record of Transaction | No Record of a Transaction | DFS Fine | Increase of DFS Fine by 50% | Recommend suspension & Increase of DFS Fine by 100% | Recommend cancellation & Increase of DFS Fine by 100% |
| 3 | Failure to acknowledge a complaint | No record of acknowledgement of complaints | DFS Fine | Increase of DFS fine by 50% | DFS Trustmark downgrade and increase in the DFS fine by 100% | Recommend suspension and Increase in DFS fine by 100% |
| 4 | Failure to provide Complaint Number | No record of complaint number | DFS Fine | Increase of DFS fine by 50% | DFS Trustmark downgrade and increase in the DFS fine by 100% | Recommend suspension and Increase in DFS fine by 100% |
| 5 | Failure to Resolve a Complaint | 5% unresolved complaints | DFS fine | 50% increase in DFS fine | Increase in DFS fine by 100% | DFS Trustmark downgrade and Increase in DFS fine by 100% |
| 6 | Failure to provide complaint information, flow and guidance | 2% number of complaints not properly informed on the complaint procedure or steps until resolution in a month | DFS fine | 50% increase in DFS fine | DFS Trustmark downgrade and increase in the DFS fine by 100% | Recommend for suspension and increase in DFS fine by 100% |

| 7 | Failed Transaction | ≤ 2% failed transactions in a month | DFS Fine | 50% increase in DFS fine | 100% increase in DFS fine | DFS Trustmark Downgrade and increase in DFS Fine by 100% |
|---|---|---|---|---|---|---|
| 8 | Delayed Reversal | ≤ 2% of Delayed Transactions reversal in a month | DFS Fine | 50% increase in DFS fine | 100% increase in DFS fine | DFS Trustmark Downgrade and increase in DFS Fine by 100% |
| 9 | Failure to Credit a Customer's Account | ≤ 1% daily of unsettled transactions within stipulated time (by volume) | DFS fine | 50% increase DFS Fine | Increase DFS fine by 100% | Offenders can face fines of up to **200,000 penalty units** or imprisonment for a term not exceeding **two years**, or both . |
| 10 | Failed Reversal | 2% of Failed Transaction Reversal in a Month | DFS fine | 50% increase DFS Fine | Increase DFS fine by 100% | DFS Trustmark Downgrade and increase in DFS Fine by 100% |
| 11 | Misrepresentation | Evidence of misrepresentation | DFS fine | DFS Trustmark downgrade and increase of DFS fine by 100% | Recommend for suspension and increase of DFS fine by 100% | Recommend for cancellation and increase of DFS fine by 100% |
| 12 | False Advertisement | Evidence of any False Advertisement | DFS fine | DFS Trustmark downgrade and increase of DFS fine by 100% | Recommend for suspension and increase of DFS fine by 100% | Recommend for cancellation and increase of DFS fine by 100% |
| 13 | Unfair competition/Collusion | Evidence of unfair competition towards other DFS providers | DFS fine | DFS Trustmark downgrade and increase of DFS fine by 100% | Recommend for suspension and increase of DFS fine by 100% | Recommend for cancellation and increase of DFS fine by 100% |
| 14. | Unfair DFS Practice | Evidence unfair DFS practices towards DFS Consumers which includes automatic loan | DFS Trustmark Downgrade | DFS Trustmark Downgrade, recommendatio n for Suspension increase of | DFS Trustmark Downgrade & increase of | Recommendation for cancellation & increase of DFS Fine by 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | rollover or loan renewal without consent, aggressive loan or credit recover among others | & DFS Fine | DFS Fine by 100% | DFS Fine by 100% | |
| 15 | Breach of Confidentiality/ Privacy | Evidence of Breach of Confidentiality/ Privacy | DFS Trustmark Downgrade and DFS Fine | DFS Trustmark downgrade and Recommend for Suspension plus increase in DFS Fine by 100% | DFS Trustmark downgrade and Recommend for Suspension plus increase in DFS Fine by 100% | Recommend for cancellation and increase of DFS fine by100% |
| 16. | Failure to Train Agents | Lack of Record of Agent Training | DFS fine | Increase by 50% of DFS Fine | Increase by 100% of DFS Fine | DFS Trustmark downgrade and increase in DFS fine by 100% |
| 17. | Failure to Certify Agents and issue Identity number | Lack of record of Agent Certification and Identity | DFS Fine | DFS Trustmark downgrade and increase of DFS Fine by 100% | Recommend for suspension and increase of DFS fine by 100% | Recommend for cancellation and increase of DFS fine by 100% |
| 18 | Agent liquidity lapses | 3%of complaints on liquidity lapses | DFS fine | Increase of DFS fine by 50% | Increase of DFS fine by 100% | DFS Trustmark downgrade and increase of DFS Fine by 100% |
| 19 | Agent misconduct which may include DFS Consumers Harassment, threats, Gaming or intimidation but limited to these. | 3% of complaint by consumers about agent misconduct | DFS fine | Increase of DFS fine by 100% | DFS Trustmark downgrade and increase of DFS fine by 100% | DFS Trustmark downgrade and recommend suspension and increase of DFS Fine by 100% |
| 20 | Failure to provide Prior Notice on Planned Service interruption/upgrades | No record of publication or communication of Notice | DFS Fine | Increase of DFS fine by 50% | Increase of DFS fine by 100% | DFS Trustmark downgrade and recommend suspension and increase of DFS Fine by 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 21. | Service Outage at DFS Provider's Fault | Outage should only be 2 hours per Month | DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 50% | Recommendation for suspension & increase of DFS Fine by 100% | Recommendation for cancellation & increase of DFS Fine by 100% |
| 22. | Service Outage at no Fault of DFS Provider | 2 hours service Outage in a Month | DFS Fine | Increase DFS Fine by 100% | DFS Trustmark Downgrade | DFS Trustmark Downgrade & DFS Fine |
| 23. | Mis-Transaction | Evidence of Specific Instruction and Completed Transaction to Unintended Recipient | | | DFS Trustmark Downgrade | DFS Trustmark Downgrade & DFS Fine |
| 24. | Failure to Account for Client Funds | Evidence of Failure to Account for Client Funds | DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommendation for Increase of DFS Fine by 100% | Offenders can face fines of up to **200,000 penalty units** or imprisonment for a term not exceeding **two years**, or both. |
| 25. | Failure to Disclose Terms and Conditions | Evidence of Failure to Disclose Terms and Conditions | DFS Trustmark Downgrade & DFS Fine | Trustmark Downgrade & increase of DFS Fine by 100% | Suspension, Recommendation for DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommendation for Cancellation & increase of DFS Fine by 100% |
| 26. | Change of Terms and Conditions Without Notice | Lack of Record of Notice to Change(s) in Terms and Conditions | DFS Trustmark Downgrade & DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommendation for Suspension, DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommendation for Cancellation & increase of DFS Fine by 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 27. | Unauthorised Fee(s) | Evidence of Charging any Fee other than Permitted or Prescribed Fees | Recommendation for Suspension & DFS Fine | Recommendation for Cancellation & increase of DFS Fine by 100% | | 1) Fines: Up to 200,000 penalty units (2) Imprisonment: Up to two years for offending officers or directors. |
| 28. | DFS Provider Fraud/Loss of Funds | Evidence Case of Fraud or Loss of Funds at DFS Provider instance | Recommendation for suspension & DFS Fine | Recommendation for Cancellation & increase of DFS Fine by 100% | - | - |
| 29 | Service Provider who onboards a blacklists Agent | Evidence of on-boarding a blacklited Agent | DFS Fine | Recommend for suspension and DFS Fine | Recommend for cancellation and 100% increase in DFS Fine | |
| 30. | Delay to Provide or Submit a Report | Evidence of Failure to Provide or Submit a Report in specified time | DFS Fine | Increase by 50% DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | DFS Trustmark Downgrade & increase of DFS Fine by 100% |
| 31. | Failure to Provide or Submit a Report | Evidence of Failure to Provide a Report as is or may be Required | DFS Fine | Increase of DFS Fine by 50% | DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommend for Suspension & & increase of DFS Fine by 100% |
| 32. | Incorrect/Incomplete Reporting | Evidence of incorrect or incomplete reporting | DFS Fine | 50% increase in DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | DFS Trustmark Downgrade & increase of DFS Fine by 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| 33. | Failure to Report a Reportable DFS Incident | Evidence of Failure to Report a Reportable Incident | DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommend for Suspension, DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommend for Cancellation, DFS Trustmark Downgrade & increase of DFS Fine by 100% |
| 34. | Failure to act on a material Security Audit | Proven evidence of Audit Report Indicating Failure | DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommend for Suspension, DFS Trustmark Downgrade & increase of | Recommend for Cancellation, DFS Trustmark Downgrade & increase of |

| | | | | | | |
|---|---|---|---|---|---|---|
| 35. | Failure to Appoint a DFS CoC Focal Point Person | No Record of Appointment of a DFS CoC Focal Point Person and/ Absence of the Appointed Person for more than three (3) Months | DFS Fine | 50% increase DFS Fine | Increase of DFS Fine by 100% | DFS Trustmark Downgrade & increase of DFS Fine by 100% |
| 36. | Failure to Publish the DFS CoC | No Record of Publication of the DFS CoC to the DFS Consumer and the Public | DFS Fine | 50% increase DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | DFS Trustmark Downgrade & increase of DFS Fine by 100% |
| 37. | Incomplete KYC | NO record of KYC Customer details | DFS Fine | Increase by 50% DFS Fine | Increase of DFS Fine by 100% | Recommend for suspension and increase of DFS Fine by 100% |
| 38 | Violation of DFS Terms and Conditions | Evidence of violation of DFS terms and conditions by a DFS Provider | DFS Trustmark Downgrade & DFS Fine | DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommend suspension, DFS Trustmark Downgrade & increase of DFS Fine by 100% | Recommend cancellation & increase of DFS Fine by 100% |

Annexure IV

## IMPLEMENTATION, MONITORING, EVALUATION, RISK MANAGEMENT, FUNDING AND SUSTAINABILITY PLAN

This part outlines a three (3) year framework for implementing, monitoring, and evaluating the DFS CoC with clearly established roles for the PAYZ, DFS Providers and DFS Regulators and other stakeholders. Also included is the funding and sustainability plan, the risk and mitigation plan and assessment of success and inform further future steps.

1. **Implementation Plan (Months 1 - 36)**

**Phase 1: Signing of the DFS CoC, Launch, & Capacity Building (Months 1 - 4)**

| Activity | Lead | Support | Outputs | Timeline |
|---|---|---|---|---|
| Signing of the DFS CoC & Launch | PAYZ | Stakeholders | Final DFS CoC following the Needs Assessment, Consultative engagements and drafting<br>Signed acknowledgment and commitments for the DFS CoC from ≥80% of stakeholders<br>Public register of signatories<br>Official Launch with Ministerial/DFS Regulator participation<br>Public awareness campaign | Month 0-1 |
| Capacity Building | PAYZ | Stakeholders | Training of trainers through both physical and online models | Month 2-4 |
| Internal Implementation by DFS Providers | DFS Providers | PAYZ | Gap assessment reports<br>Revised DFS Consumer & Provider terms & conditions<br>Enhanced complaint handling systems<br>Staff training completion certificates | Month 5-10 |

**Phase 2: Full Operationalisation (Months 5-36)**

| Activity | Lead | Support | Outputs | Timeline |
|---|---|---|---|---|
| DFS Complaint Resolution Board | PAYZ | DFS Regulators | Framework for Appointment and Conditions for the DFS Complaints Resolution Board Operational Case management system Published framework and procedural rules | Month 11-16 |
| Consumer Education Campaign | PAYZ, DFS Providers, DFS Regulator, DFS Consumer Societies | Media | DFS CoC Campaign Materials USSD/SMS/Email awareness messages Public outreach programs | Month 4-36 |

**2. Monitoring Framework (Ongoing from Month 3 to 36)**

The purpose of the monitoring framework or plan is to provide a compliance framework for the DFS CoC in order to stimulate and promote consumer protection and trust, provide a means to detect systemic risks and misconduct trends, promote continuous market improvement and facilitate proportionate enforcement. Below is the monitoring framework in terms of the structure and key monitoring activities:

## 13.1. Monitoring Structure

The structure for monitoring shall be a three-tier monitoring system which shall include self-monitoring through which DFS Providers will submit periodic reports to PAYZ and/or DFS Regulators, industry monitoring through PAYZ through which sample verification and mystery shopping will be conducted and regulatory monitoring through which the DFS Regulators will integrate the DFS CoC compliance into supervision.

## 13.2. Key Monitoring Activities

| Monitoring Area | Method | Frequency | Responsible Party | Metrics |
|---|---|---|---|---|
| Compliance with Standards of the DFS CoC | Self-assessment reports<br>Reports review<br>Mystery shopping | Quarterly | DFS Providers → PAYZ → Regulators | Number of gaps identified<br>% of requirements implemented<br>Corrective action completion rate |
| DFS Consumer Protection | Transaction testing<br>Complaint tracking system DFS Complaints Board complaint analysis<br>Social media monitoring | Monthly | PAYZ, DFS Complaints Board, DFS Providers | Settlement timelines<br>Number of failed transactions or reversals<br>Complaint volume by category<br>Resolution rate & time<br>Escalation rate to DFS Complaints Board and DFS Regulators |
| Market Conduct and AML/CFT | Transaction testing<br>DFS Consumer surveys Agent spot-checks | Bi-annually | PAYZ, DFS Providers, Mystery shoppers | Transparency score<br>Fee disclosure accuracy<br>Suspicious transactions reporting<br>Responsible lending, disclosure, recovery practices |
| Data Protection and Security | Incident reporting<br>Third-party audits | Annually | PAYZ, DFS Providers, DFS Regulators | Number of breaches reported<br>Time to notify/contain |
| | Vulnerability assessments | | | Audit findings addressed including score on issues on confidentiality, consent to access and use of data |

| | | | | |
|---|---|---|---|---|
| DFS and Agent Conduct | DFS Consumer surveys<br>Agent spot-checks<br>Complaint tracking system<br>DFS Complaints Board complaint analysis<br>Social media monitoring | Quarterly | PAYZ, DFS Complaints Board, DFS Providers | Agent compliance rate on identity and training<br>% of professionalism reports for Agents<br>Compliance with KYC application, fraud prevention education, literacy or awareness |

### 2.1 Reporting Requirements

The reporting requirements are as provided below:

#### 13.2.1 DFS Providers will submit reports to PAYZ through PAYZ determined template as follows:

(a) Monthly Complaint and Resolution Statistics and Status Report;

(b) Quarterly Compliance Report;

(c) Annual Independent Audit Report (from Month 12); and

(d) Incident Reports (within 48 hours of major breaches).

#### 13.2.2 PAYZ will publish:

(e) Quarterly DFS Compliance Dashboard;

(f) Biannual Mystery Shopping Report; and

(g) Annual DFS CoC Compliance Report.

#### 2.3.4 DFS Regulators will receive:

(a) Monthly and Quarterly summary reports from PAYZ;

(b) Direct access to DFS Provider submissions;

(c) Reports on incident or material breaches; and

(d) Annual DFS CoC Compliance Report.

## 13.3. Evaluation Framework and Approach

The evaluation approach shall be a mixed-methods approach with firstly, quantitative methods involving surveys, complaint data, transaction data. Secondly, qualitative methods involving focus groups, interviews and case studies. Thirdly, comparative methods involving pre and post implementation analysis.

### 2.2 Evaluation Schedule & Focus

| Evaluation | Timing | Lead Evaluator | Key Evaluation Questions | Data Sources |
|---|---|---|---|---|
| Baseline Study | Month 1-2 | PAYZ<br>DFS Regulator<br>DFS Provider | What are current market practices? What are consumer pain points? | DFS Consumer survey<br>DFS Provider interviews<br>Mystery shopping<br>DFS Complaint data analysis |
| Mid-term Formative Evaluation | Month 12-13 | PAYZ DFS Regulator DFS Provider | Is implementation on track? What are early effects? What adjustments needed? | DFS Provider implementation reports<br>Early complaint trends<br>Stakeholder interviews<br>Training participation data |
| Outcome Evaluation | Month 24-25 | PAYZ<br>DFS Regulator<br>DFS Provider | Has the DFS CoC achieved its objectives? What are the outcomes for consumers? | DFS Consumer comparative survey<br>DFS Complaint resolution analysis<br>Market data analysis<br>Cost-benefit analysis |

| Evaluation | Timing | Lead Evaluator | Key Evaluation Questions | Data Sources |
|---|---|---|---|---|
| Impact Evaluation | Month 24 – 36 | PAYZ<br>DFS Regulator<br>DFS Provider | What is the DFS CoC's impact on financial inclusion, trust, and market development? | Longitudinal consumer data<br>DFS usage statistics<br>Regulatory impact assessment<br>Regional benchmarking |

### 2.3 Key Performance Indicators (KPIs)

| Objective | KPIs | Target (Year 3) | Measurement Method |
|---|---|---|---|
| Enhanced Consumer Protection | 1. Reduction in DFS consumer complaints per 10,000 transactions<br>2. Increase in first-contact resolution rate<br>3. Reduction in disputed transactions as % of total | 30% reduction<br>80% resolution rate<br>40% reduction | Complaint database analysis from DFS Complaints Board reports or PAYZ reports |
| Improved Market Conduct | 1. % of DFS Providers fully compliant with the DFS CoC<br>2. Mystery shopping compliance score<br>3. Reduction in hidden/unauthorized fees reported | 1. 90% of major providers<br>Average score ≥ 85%<br>50% reduction | Compliance reports through mystery shopping and DFS consumer surveys or PAYZ reports |
| Increased DFS Consumer Trust | 1. Consumer trust index score<br>2. Willingness to recommend DFS<br>3. Consumer awareness of the DFS CoC | ≥75% trust rating<br>2. Net Promoter Score ≥ 40<br>3. ≥ 60% awareness rate | Biannual DFS consumer survey through Focus groups or PAYZ reports |
| Effective Dispute Resolution | 1. DFS Complaints Board caseresolution time<br>2. DFS Consumer satisfaction with resolution<br>DFS Provider Compliance with ombudsman decisions | ≤30 days average<br>≥ 80% satisfaction<br>100% compliance | DFS Complaints Board case tracking and follow-up surveys or PAYZ reports |

### 2.4 Evaluation Governance

The following is the evaluation committee, its overall responsibilities and stakeholder responsibilities.

#### 13.3.1 Evaluation Committee:

(a) PAYZ representative(s) (Secretariate);

(b) One (1) representative from each DFS Regulator;

(c) Not more than three (3) independent persons;

(d) One (1) DFS Consumer representative; and

(e) One (1) DFS Provider representative.

#### 13.3.2 Responsibilities:

(f) Approve evaluation methodology;

(g) Review and approve evaluation reports;

(h) Ensure findings inform DFS CoC revisions; and

(i) Oversee dissemination of results.

### 13.4. Roles & Responsibilities Matrix

| Stakeholder | Implementation Role | Monitoring Role | Evaluation Role | Resource Commitment |
|---|---|---|---|---|
| PAYZ | Lead DFS CoC development<br>Secretariat functions<br>Industry training coordination<br>DFS Complaints Board framework establishment | Collect/provide compliance reports<br>Conduct mystery shopping<br>Maintain public register & dashboard<br>Initial dispute handling | Conduct mid-term evaluation<br>Implement evaluation recommendations<br>Industry Report | Progressive dedicated Secretariat<br>Annual budget: TBA |
| DFS Service Providers | Implement DFS CoC requirements<br>Train staff & agents<br>Revise DFS consumer communications<br>Submit compliance reports | Self-monitoring & reporting<br>Internal audits<br>Corrective action implementation<br>Participate in mystery shopping | Provide data for evaluations<br>Participate in stakeholder interviews<br>Implement improvement plans | Compliance officer designation<br>Implementation team<br>Annual reporting & audit costs |

| | | | | |
|---|---|---|---|---|
| BoZ | Regulatory alignment<br>Formal endorsement<br>Supervisory guidance | Integrate DFS CoC compliance into risk-based supervision<br>Receive escalation reports<br>Joint examinations with PAYZ | Provide regulatory data<br>Participate in Evaluation Committee<br>Use findings for policy development | Dedicated supervision resources<br><br>Participation in committees<br>Joint examination time |
| ZICTA | Data protection alignment<br>Cybersecurity standards | Monitor data breach reporting<br>Technical compliance checks | Provide cybersecurity incident data<br>Assess technical standard effectiveness | Technical assessment resources<br><br>Committee participation |
| CCPC | DFS Consumer protection alignment<br>Public awareness support | Receive DFS consumer complaints<br>Market surveillance<br>Joint enforcement actions | Provide complaint trend analysis<br>DFS<br>Consumer survey collaboration<br>Impact assessment | Consumer education resources<br><br>Enforcement coordination |
| Consumers Societies | Consultation participation<br>Awareness raising | Report violations<br>Participate in mystery shopping<br>Feedback on DFS provider communications | Participate in surveys/focus groups<br>Provide qualitative feedback<br>Review evaluation reports | Representation in committees<br><br>Community mobilization<br><br>Feedback mechanisms |

### 3. Funding & Sustainability Plan

Below is the framework for funding and the sustainability plan.

### 13.4.1 Funding Sources (Year 1 to 3)

(a) PAYZ Membership Fees: 40% of budget;

(b) Regulator Market Development and Support: 50%; and

(c) Development Partners: 10%.

### 13.4.2 Sustainability Model (From Year 3)

(a) Tiered Membership Fees from DFS Providers based on size/transaction volume;

(b) DFS Fines from sanctions;

(c) Certification/Mark Licensing Fees from DFS Trustmark; and

(d) Training & Advisory Services revenue.

## 13.5. Risk Management & Contingency

| Risk | Likelihood | Impact | Mitigation Strategy | Responsible |
|---|---|---|---|---|
| Low DFS Provider Adoption | Medium | High | Regulatory "comply or explain" pressure<br>Naming of non-signatory or non-Compliant DFS Providers<br>Incentives for early adopters | PAYZ<br>Regulators |
| Inadequate Enforcement | Medium | High | Clear escalation protocol to DFS Regulators<br>Public sanctions by PAYZ<br>DFS Regulator Memoranda of Understanding | PAYZ |
| DFS Consumer Awareness Gap | High | Medium | Multi-channel awareness campaign<br>Integration with financial literacy programs<br>Agent network education | PAYZ<br>DFS Providers<br>DFS Regulators |
| Resource Constraints | High | Medium | Phased implementation<br>Clear prioritization<br>Development partner engagement | PAYZ<br>Steering Committee |
| Regulatory Overlap/Conflict | Low | High | Regular regulatory coordination meetings<br>Joint supervisory approaches<br>Clear mandate delineation | DFS Regulators |

## 4. Success Criteria and Sustainability

Below is the basic framework for assessing success on implementation of the DFS CoC:

### 13.5.1 Success Criteria (End of Year 3)

- ≥90% of DFS market by volume covered by DFS CoC-compliant DFS providers;
- ≥60% consumer awareness of DFS CoC and their rights;
- 40% reduction in substantiated consumer complaints;
- DFS CoC standards integrated into formal regulation where appropriate; and
- Sustainable funding model established.

### 13.5.2 Evolution and Legal Adoption Path

- **Year 1:** Voluntary DFS CoC adoption with regulatory backing.
- **Year 2:** DFS CoC incorporated into legal and regulatory frameworks.
- **Year 3+:** Selected DFS CoC elements formalized in regulation where DFS market-wide application needed.

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