



REPUBLIC OF ZAMBIA

FINANCIAL INTELLIGENCE CENTRE

THE 11TH MONEY LAUNDERING TRENDS REPORT 2025

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LIST OF ACRONYMS

AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AML/CFT/CPF	Anti-Money Laundering Countering Financing Terrorism and Countering Proliferation Financing
AML/CFTP	Anti-Money Laundering Countering Financing Terrorism and Proliferation
CBCDR	Cross-Border Currency Declaration Report
CTRs	Currency Transaction Reports
DNFBP	Designated Non-Financial Businesses and Professions
FIC	Financial Intelligence Centre
IBAN	International Bank Account Number
IFFs	Illicit Financial Flows
KYC	Know Your Customer
LEAs	Law Enforcement Agencies
ME	Mutual Evaluation
MVTS	Money or Value Transfer Services
NRA	National Risk Assessment
STRs	Suspicious Transaction Reports
USD	United States Dollar
VASPs	Virtual Asset Service Providers
WCP	Wildlife Crime Prevention
ZMW	Zambian Kwacha

MESSAGE FROM THE DIRECTOR GENERAL

It is my honour to present the Financial Intelligence Centre's (FIC) 2025 Trends Report. The report has been prepared pursuant to the requirements of the FIC Act, Chapter 384 of the Laws of Zambia Section 5(2)(d) and (f).

As financial crime continues to evolve in sophistication and scale, it is imperative that we understand how illicit funds are generated, moved and concealed. This remains central to any effective anti-money laundering and countering the financing of terrorism (AML/CFT) regime. The 2025 Report highlights the trends and patterns observed and recommends measures to protect the integrity of Zambia's financial system.

In 2025, the FIC received a total of 6,136 Suspicious Transaction Reports (STRs) from reporting entities across the Financial and Designated Non-Financial Businesses and Professions (DNFBP) sectors. This was a decrease of 31.7% from 8,981 STRs received in 2024. The decrease in STRs is attributed to measures taken to reduce illicit financial flows (IFFs) and strengthened AML systems in commercial banks.

The banking sector remained the main contributor, accounting for 96% of all reports received.

During the period under review, the FIC analysed 4,766 STRs compared to 18,330 in 2024. The high number of reports analysed in 2024 was a result of strategic and operational activities which were undertaken to address a backlog of reports from previous years. Of the STRs analysed, 786 intelligence reports were disseminated to Law Enforcement Agencies and other competent authorities in 2025, compared to 951 in 2024 representing a decrease of 17.4%. The majority of the disseminated intelligence reports were on suspected money laundering and tax evasion, with 192 and 580 reports, respectively, while the remaining 12 reports accounted for other predicate offences, such as corruption and fraud.

The impact of the FIC's dissemination of intelligence

in the AML/CFTP value chain is reflected in the tangible outcomes achieved by our partner agencies. For instance, the Zambia Revenue Authority (ZRA) made tax assessments exceeding ZMW 12.5 billion, inclusive of penalties and interest. Additionally, law enforcement agencies secured eight (8) convictions relating to possession of proceeds of crime and abuse of office, resulting in the forfeiture of assets valued at USD 3.3 million. For the period under review, the FIC identified an estimated USD 1.8 billion in suspected Illicit Financial Flows (IFFs), a reduction from USD 3.5 billion reported in 2024.

With the introduction of advance income tax on remittances, which resulted in the collection of ZMW 485.1 million in 2025, we observed some changes in the channels used to move illicit funds such as virtual assets, cash courier and payment service providers. Unlike in the previous periods where shell companies were the primary vehicles, funds were being consolidated into the accounts of payment service providers and transferred outside the country. The primary drivers of these flows in 2025 were commercial activities tied to foreign owned corporations, underscoring the vulnerabilities within the private sector, particularly related to shell corporations.

The FIC imposed financial sanctions on non-compliant reporting entities amounting to ZMW 1.4 million, an increase of 17% from 2024. The principal violations identified included failure to conduct adequate customer due diligence, non-compliance with reporting obligations and inadequate AML/ CFTP risk assessments. As a result of the sanctions and other supervisory activities by the FIC in the DNFBP sector, an increase of 441% in the reporting of STRs was observed. The FIC appeals to reporting entities in the DNFBP sector to ensure full compliance with requirements of the FIC Act.

The FIC has continued to devolve supervision to supervisory authorities. Financial sector supervisors have over the last few years been conducting AML/ CFTP supervision for their respective sectors. The

“For the period under review, the FIC identified an estimated USD 1.8 billion in suspected IFFs”

FIC has continued to collaborate with supervisory authorities in terms of joint inspections, assessment of risk in reporting entities, provision of targeted information and sanctioning. The devolution has thus increased available resources and skills to enhance AML/CFTP supervision. The FIC will continue to focus its supervisory activities in the DNFBP sector where supervisors still need to be capacitated.

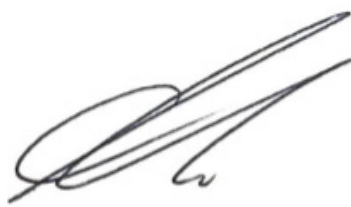
The FIC coordinated the National Risk Assessment (NRA) exercise. The NRA report was subsequently approved by Cabinet and launched by the Attorney General of the Republic of Zambia. The conclusion of the NRA is a critical step in ensuring that Zambia's AML/CFTP measures are risk-based, evidence-driven and aligned with international standards. The results of the risk assessment have informed the review of the National AML Policy.

The Mutual Evaluation (ME) for Zambia is due in 2027 and the FIC is coordinating this important national exercise. The ME is an in-depth assessment by the Financial Action Task Force (FATF) or its regional bodies to evaluate how effectively a country implements measures to counter ML/TF/PF. The exercise recommends measures to improve the legal framework, institutional arrangements and how well the AML/CFTP systems work to produce real world outcomes.

The results of the ME are highly consequential to the standing of the country's financial system in the global market. Favourable ratings demonstrate compliance and effectiveness thereby maintaining trust in its systems. Any adverse outcome could have negative effects on the country's access to international payment systems and perception

of sovereign risk. I thereby wish to appeal to all stakeholders to adequately prepare for the ME, this includes training of staff on the FATF methodology, preparation of relevant information and having a common understanding of the country's risk and context.

I wish to express my gratitude to the LEAs, supervisory authorities, reporting entities, and other stakeholders for their continued support and collaboration. Further, I wish to thank the Board for their continued oversight and guidance on the operations of the FIC. Lastly, I wish to thank Management and staff of the FIC for their dedication and commitment. The FIC remains committed to strengthening the integrity and resilience of Zambia's financial system.



Clement K. Kapalu
Director General
Financial Intelligence Centre



CHAPTER 1: **BACKGROUND**

1.1 OBJECTIVES OF THE TRENDS REPORT

The Trends Report is issued pursuant to section 5(2) (d) and (f) of the Financial Intelligence Centre (FIC) Act, Chapter 384 of the Laws of Zambia, with the following objectives:

i. Awareness:

Provide awareness by educating the public and reporting entities of their obligations and informing them of measures to detect, prevent and deter Money Laundering/Terrorism Financing/Proliferation Financing (ML/TF/PF) or any other serious offences relating to ML/TF/PF.

ii. Policy Formulation:

Based on observed trends, inform government policy formulation.

iii. Supervision:

Facilitate effective risk-based supervision and enforcement of anti-money laundering, countering of terrorism or proliferation financing (AML/CTPF).

1.2 FUNCTIONS OF THE FINANCIAL INTELLIGENCE CENTRE

The functions of the FIC as provided under section 5 of the Financial Intelligence Centre Act Chapter 384 of the Laws of Zambia are inter alia to:

i. Strategic Analysis:

Conduct strategic analysis to identify trends and patterns relating to ML/TF/PF or any other serious offence relate to ML/TF/PF.

ii. Tactical Analysis:

Receive, request, analyse and evaluate suspicious transaction reports and information from any other source authorised under any written law to make a suspicious transaction report including a designated foreign authority to determine whether there are reasonable grounds to transmit reports for investigation by law enforcement agencies or designated foreign authorities;

iii. Dissemination:

Disseminate information, spontaneously or on request, to law enforcement agencies and other competent authorities, where there are reasonable grounds to suspect money laundering or financing of terrorism or proliferation and other financial crimes;

iv. Spontaneous Disclosure:

Provide information relating to suspicious transactions to any designated foreign authority, subject to conditions that the Director General may determine, in accordance with the FIC Act.

Figure 1: Anti-Money Laundering and Countering Terrorism or Proliferation Financing Value Chain



Figure 1 above shows stakeholders involved in the AML/CFTP value chain; it demonstrates the importance of cooperation and collaboration among the stakeholders



CHAPTER 2: **TRENDS AND CASES**

2.1 INTRODUCTION

This section presents the financial crime trends identified during the period under review. Trends observed include the abuse of corporate vehicles, structured cash deposits designed to circumvent reporting thresholds, creation of complex transaction patterns to obscure the origin of funds, use of personal accounts for business transactions to facilitate tax evasion and misuse of payment service providers.

2.2 SUSPECTED TAX CRIMES

Tax crimes remain the predominant predicate offence underlying the majority of the FIC's intelligence disseminations. Common red flags associated with tax-related financial crime include failure to register for the appropriate tax type, under-declaration of income, use of shell companies, commingling of business and personal funds, and excessive cash transactions, among others.

In 2025, the FIC disseminated 786 intelligence reports of which 580 were linked to suspected tax crimes and mostly involved shell companies. Analysis revealed that substantial funds were credited to shell entities through, inward local and international transfers and unusually large cash deposits made by foreign nationals. Once consolidated, the funds were either withdrawn as cash or externalized to entities based in Asia, under the pretext of importation of goods.

Case Study 1: Suspected Procurement Corruption, Money Laundering and Tax Evasion

The FIC analysed a case of suspected procurement corruption, tax evasion and money laundering in the procurement of supplies by Public Institution A. The case involved Company A, a shell company that was awarded a contract and received multiple payments from the public institution, totaling ZMW 85 million between October 2024 and July 2025. Company A transferred approximately ZMW 70 million to Company B shortly after the receipts, with additional large transfers made to other entities and personal accounts. The account maintained minimal balances, consistent with pass-through behaviour

associated with a shell company.

The inquiry established that Company B was closely linked to several high-value public contracts despite its short existence. These included contracts linked to the supply of vehicles valued at about ZMW 150 million and another contract valued at ZMW 280 million awarded by another public institution. Company A was incorporated in 2023 and was awarded the contract by Public Institution A within its first year of existence. Analysis indicated that Company A operated primarily as a pass-through entity, channeling most funds received from Public Institution A to Company B and other related parties. Further analysis revealed that ZMW 8 million was rerouted to the account of Individual C, an unrelated public official. Nearly all funds received by Individual C were withdrawn in cash on the same day or shortly thereafter, indicating possible conversion of funds into cash to obscure their ultimate use and beneficiaries.

The inquiry also identified payments from Company B to PIPs and persons linked to institution Q. These included a payment of

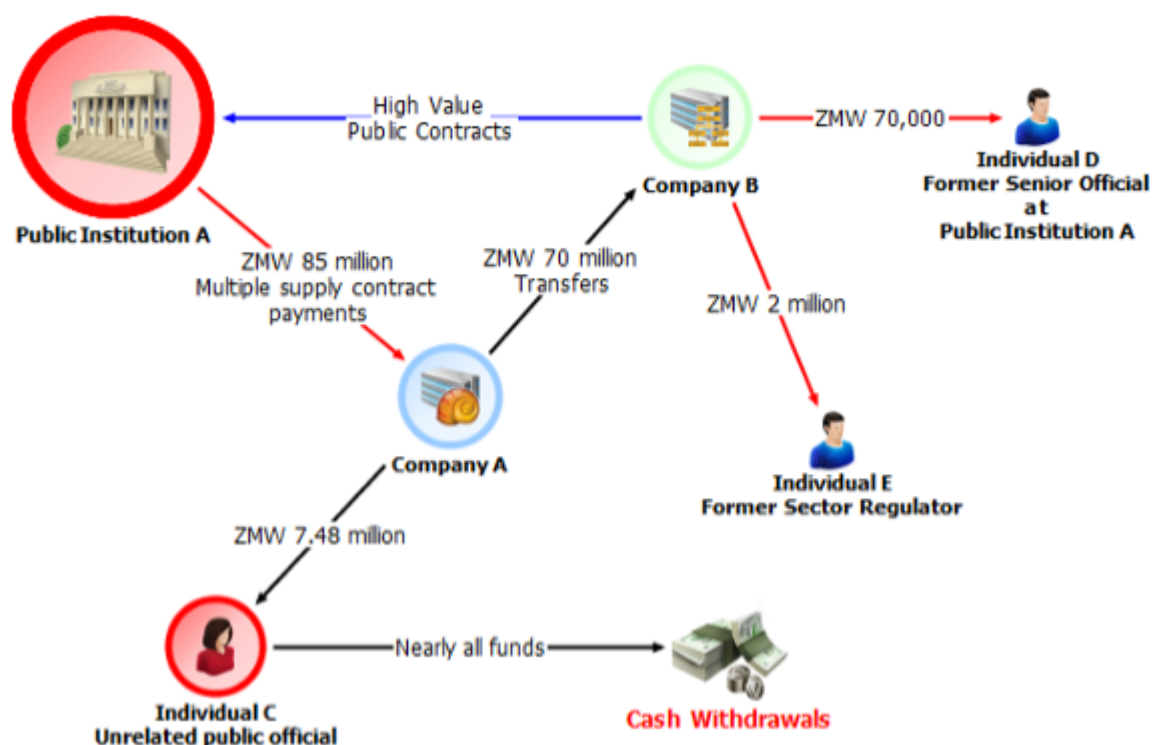
approximately ZMW 70,000 to Individual D, a former senior official in Public Institution A, and transfers totaling approximately ZMW 2 million to Individual E, a former inspector at institution Q. These flows raised suspicion of possible gratification connected to public procurement processes.

Tax compliance checks established that Company A was not registered for the relevant tax types and showed no material tax payment history or normal business transactions such as salaries, statutory pension contributions and workers' compensation payments. This reinforced the suspicion that Company A had limited economic activities and was primarily a shell company used to obtain a public contract.

The case was disseminated to the relevant LEAs and investigations are ongoing.

Tax crimes remain the predominant predicate offence underlying the majority of the FIC's intelligence disseminations.

Chart 1: Suspected Procurement Corruption, Money Laundering and Tax Evasion



Case Study 2: Suspected Theft and Money Laundering by a Public Officer

The FIC analysed a case involving a Zambian national, OT, suspected of theft and money laundering. The individual was employed as a Senior Officer at Institution BZ, a public body. Our analysis revealed that Individual OT abused his position of authority by initiating fund transfers from Institution BZ's account domiciled with Bank X to his personal accounts held at banks Y and Z. The transfers were disguised as payments to farmers and salary disbursements for Institution BZ employees. In several instances, Individual OT inserted the names of legitimate beneficiaries in payment narrations, but the beneficiary account numbers corresponded to his own personal accounts.

The inquiry confirmed that Individual OT was indeed employed as a Senior Officer at Institution BZ. Between January 2019 and January 2025, he received over ZMW 18 million from Institution BZ into his personal account. The transfers ranged

between ZMW 1,000.00 and ZMW 10,000.00, often bearing the narration "salaries." Analysis of the account activity showed that the funds were largely utilized through Bank-to-Wallet transfers to various mobile numbers. Further analysis established that Individual OT used over ZMW 10 million for personal expenses.

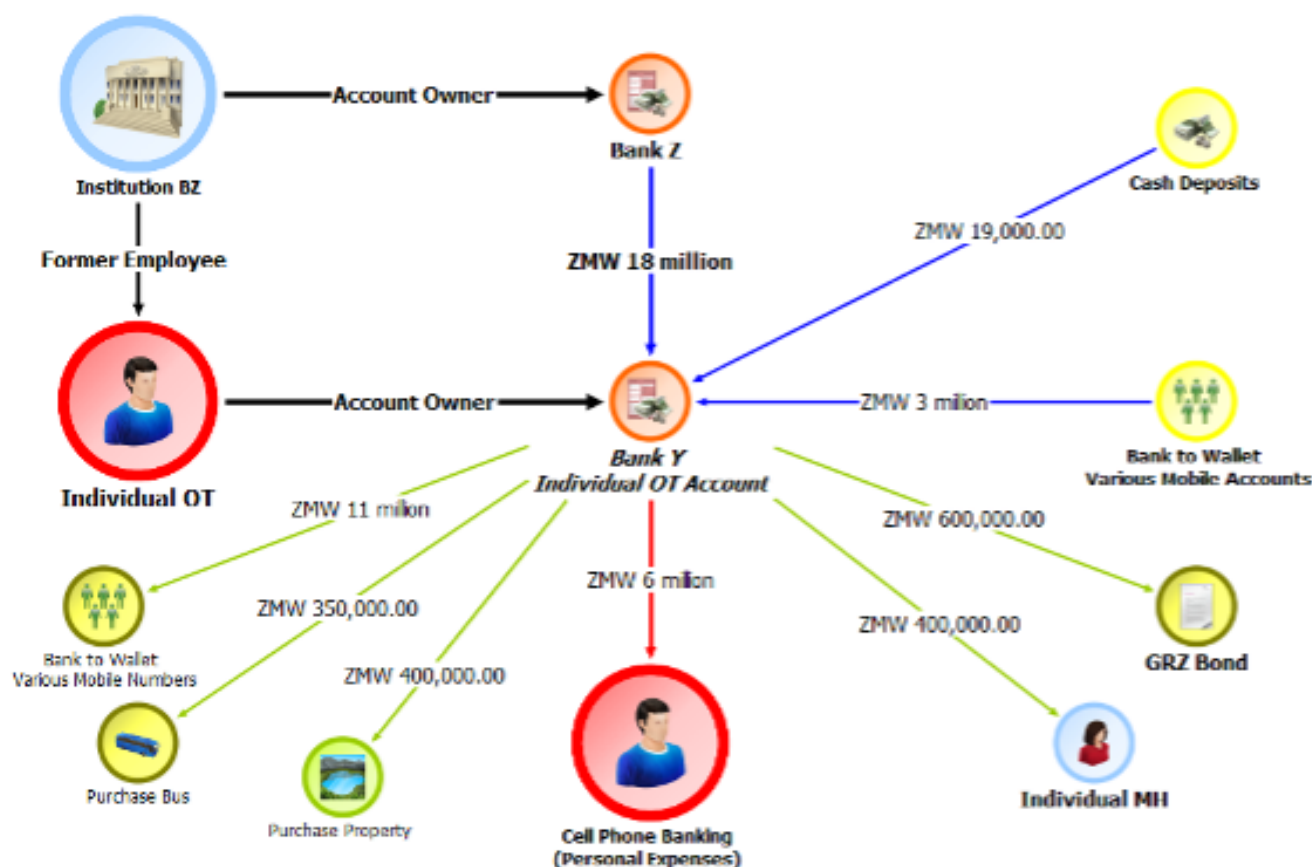
"The transfers were disguised as payments to farmers and salary disbursements for Institution BZ employees"

From the proceeds, he purchased a government security valued at over ZMW 600,000.00, a bus valued at over ZMW 350,000.00, Land valued at over

ZMW 400,000.00 and made a transfer of over ZMW 400,000.00 to Individual MH. Additional funds were spent on building materials, and it is inferred that Individual OT used part of the misappropriated funds to construct a house. The inquiry concluded that Individual OT misappropriated over ZMW 18 million from Institution BZ and laundered the proceeds through structured transactions and asset purchases.

The matter was disseminated to relevant LEA and investigations are ongoing.

Chart 2: Suspected Theft and Money Laundering by a Public Officer



Case Study 3: Suspected Tax Crimes & Illicit Financial Flows (IFFs)

The FIC commenced an inquiry following Suspicious Transaction Reports (STRs) on Company B and a Spontaneous Disclosure Report (SDR) on six associated Zambian nationals. It was reported that the subjects' transaction patterns were inconsistent with their declared sources of income.

Analysis revealed that Company B and its associates cumulatively transacted in excess of USD 90 million and ZMW 70 million, between January 2024 and February 2025. Company B's USD account was used as a consolidation account, receiving funds from various personal accounts before externalizing them to foreign jurisdictions, including Asia and the Middle East. In February 2025, the FIC froze USD 300,000 pending investigations.

Although the shareholders of Company B were Zambian nationals, the suspected Ultimate Beneficial

Owner (UBO) was an Asian national, Mr. O, who was observed making deposits into all six of the associated Zambian nationals' personal USD accounts. These accounts shared several common features: all were opened in the same month at Bank E; each account recorded near-daily deposits just below the statutory reporting threshold followed immediately by transfer to Company B's USD account. The subjects declared sources of income were inconsistent with the volume and value of transactions conducted.

It was therefore inferred that Mr. O, (UBO), colluded with the Zambian nationals to establish entities and personal accounts for the purpose of externalising funds on his behalf, thereby circumventing reporting thresholds and other statutory obligations. It was further noted that Company B and its associates were not registered for any type of tax.

The matter was disseminated to the relevant law enforcement agency for investigation and tax assessments were made.

Recommendations

- i. Regulators should ensure full implementation of SI No.90 of 2025 on remittances.
- ii. The definition of remittances should now include cash undeclared/under declared at points of entry and exits that exceed USD 5,000 or its Kwacha or foreign currency equivalent.
- iii. Reporting entities should improve their ability to identify structured transactions.
- iv. Develop a bank identification number (IBAN) for individuals and companies for reporting entities and supervisors to identify cross bank activities including structuring of transactions. It will also assist commercial banks identify customers that have been de-risked by other institutions.
- v. The Government should consider implementing the recommendation to limit the use of cash above certain transaction thresholds. This will enhance transparency, strengthen tax monitoring and reduce opportunities for tax evasion and IFFs.

2.3 CORRUPTION

The 2025 National Risk Assessment (NRA) rated the money laundering threat arising from corruption as medium high, an improvement from the very high rating in the previous NRA. The assessment further established that corruption was most prevalent in the public sector, particularly in the health, education and construction.

Corruption remains a significant financial crime threat in Zambia, with adverse effects on public finances, governance and the delivery of essential public services. It facilitates the diversion of public resources for private benefit, distorts public procurement processes, undermines confidence in public institutions and generates proceeds that may subsequently be laundered through the financial system.

During the period under review, the FIC disseminated six (6) cases involving suspected corruption and associated money laundering which was a reduction from 10 disseminated in 2024. The cases largely involved suspected manipulation of public procurement processes, abuse of public office, misappropriation of public funds, payments of suspected kickbacks and the use of corporate and personal accounts to conceal proceeds.

Common indicators included recently incorporated entities being awarded public contracts, rapid movement of funds through pass-through accounts,

large cash withdrawals, transfers to public servants or persons linked to procurement processes, and entities undertaking significant transactions despite limited economic substance or tax compliance. The following case studies illustrate some of the corruption-related schemes identified through the FIC's analysis.

Case Study 4: Suspected Procurement Corruption

The FIC commenced an inquiry following an STR received on entity X. Mr. Y, and Mr. Z, triggered by entity X receiving ZMW 1.2 million from Government Institution D shortly after it was registered.

Analysis established that entity X was registered in 2025,

with Mr. Z as chairperson and Mr. Y as secretary, both employees of a financial institution and the sole signatories on entity X's bank account. Government Institution D paid entity X the full ZMW 1.2 million in September 2025 for a public-school programme, and Mr. Z and Mr. Y withdrew the entire amount in cash over three days. Entity X was awarded the contract despite not being registered with ZPPA as required by the Public Procurement Act No. 8 of 2020.

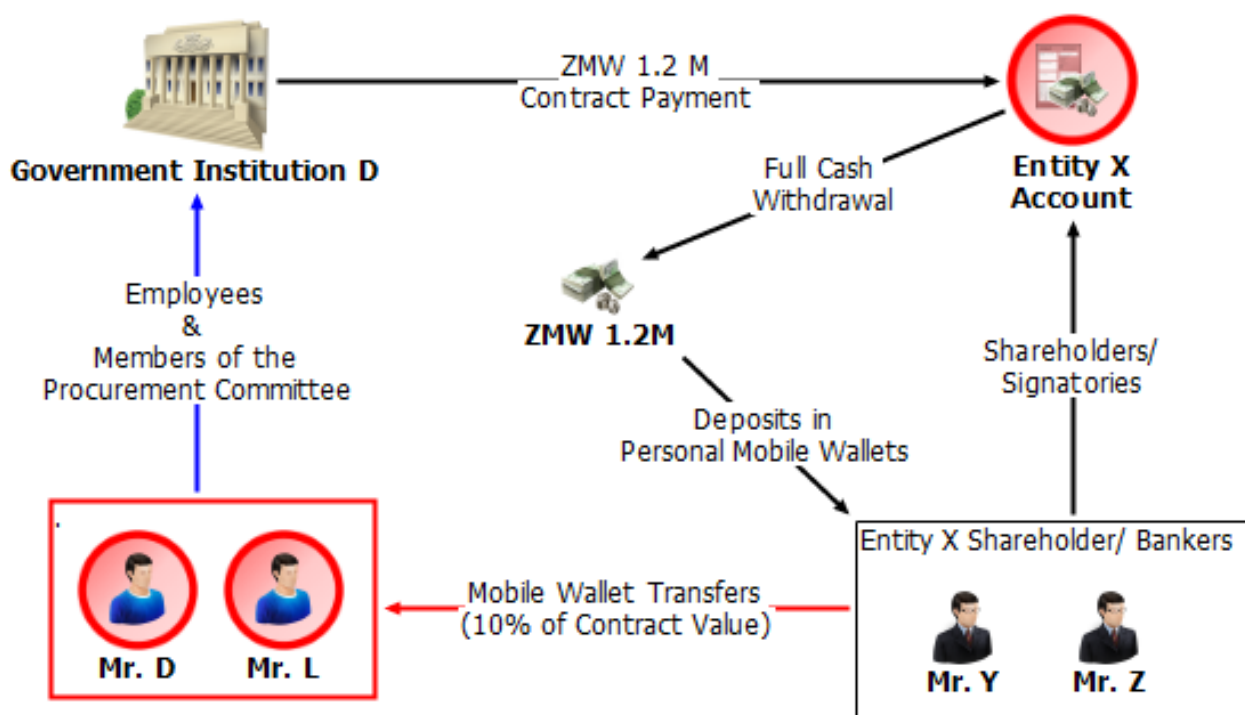
A review of Mr. Z's and Mr. Y's financial records from September to November 2025 showed transfers to Mr. T and Mr. L representing 10% of the contract value appears as gratification for the award. Mr. T and Mr. L (public servants) were members of the procurement committee that awarded the contract to entity X.

“Corruption remains a significant financial crime threat in Zambia, with adverse effect on public finances...”

investigation, arrests were made and prosecution is ongoing.

The matter was disseminated to the relevant LEA for

Chart 3: Suspected Procurement Corruption



Recommendations

- Penalties in public procurement corruption cases should be more dissuasive; and
- Government should provide for the debarment of natural persons that are involved in procurement corruption from participating in public tenders.

2.4 ENVIRONMENTAL CRIMES

The illegal harvesting and exportation of high-value hardwood species including mopane and rosewood (Mukula), as well as the trafficking of ivory, have persisted notwithstanding ongoing monitoring and regulatory interventions. This could be attributed to the abuse of the available mechanism to administer a fine under Section 100 of the Forests Act.

One of the contributors to the illegal exploitation of natural resources is limited understanding by

the local community of the potential benefits that would arise from conservation and legal exploitation of natural resources. These would include income through carbon trading, jobs for local communities and improved weather patterns as result improved forest cover.

Smuggling networks operate predominantly through cross-border channels, employing falsified documentation and fraudulent permits to facilitate the movement of illegally harvested timber and ivory through formal border posts and regulatory

checkpoints, thereby evading detection.

In 2025, the FIC analysed 19 Reports relating to illegal harvesting, exportation of timber and trafficking of ivory.

Analysis indicated that timber harvesting operations were concentrated in the Eastern and Western Provinces of Zambia, with activities orchestrated by Asian nationals, underscoring the extent of foreign involvement in natural resource exploitation.

Zambian nationals were identified as being used to transport the illicitly harvested products. The trade reflects a well-structured and organized supply chain comprising foreign financiers, local transporters, and agents.

Ivory Trafficking

The following activities were observed in connection with ivory trafficking:

- i. Ivory was harvested from Southern African countries;
- ii. Zambia was being utilized as a transit hub within broader regional ivory trafficking networks; and
- iii. Cross-border criminal syndicates were actively exploiting porous border controls to facilitate these operations.

Case Study 5: Illegal Ivory Trading

The FIC conducted analysis on a matter following intelligence which resulted in the arrest of eleven wildlife traffickers.

Subsequent inquiry by the FIC revealed significant anomalies in Know Your Customer (KYC) data. Individual M presented himself as a security officer to Bank A, while simultaneously declaring employment as a driver at Institution F to Bank S.

These contradictions suggest deliberate concealment of true sources of income, a tactic frequently observed in wildlife trafficking networks. Similarly, Individual G exhibited inconsistent employment records across banks, raising suspicion of identity manipulation.

Analysis of Individual M's account statements identified credits exceeding ZMW 2.7 million, including a substantial transfer of ZMW 1.1 million to Individual P. Individual P, subsequently redistributed funds across multiple mobile wallets, including merchant accounts and cash outs. This pattern reflected layering and structuring techniques consistent with laundering proceeds from wildlife trafficking.

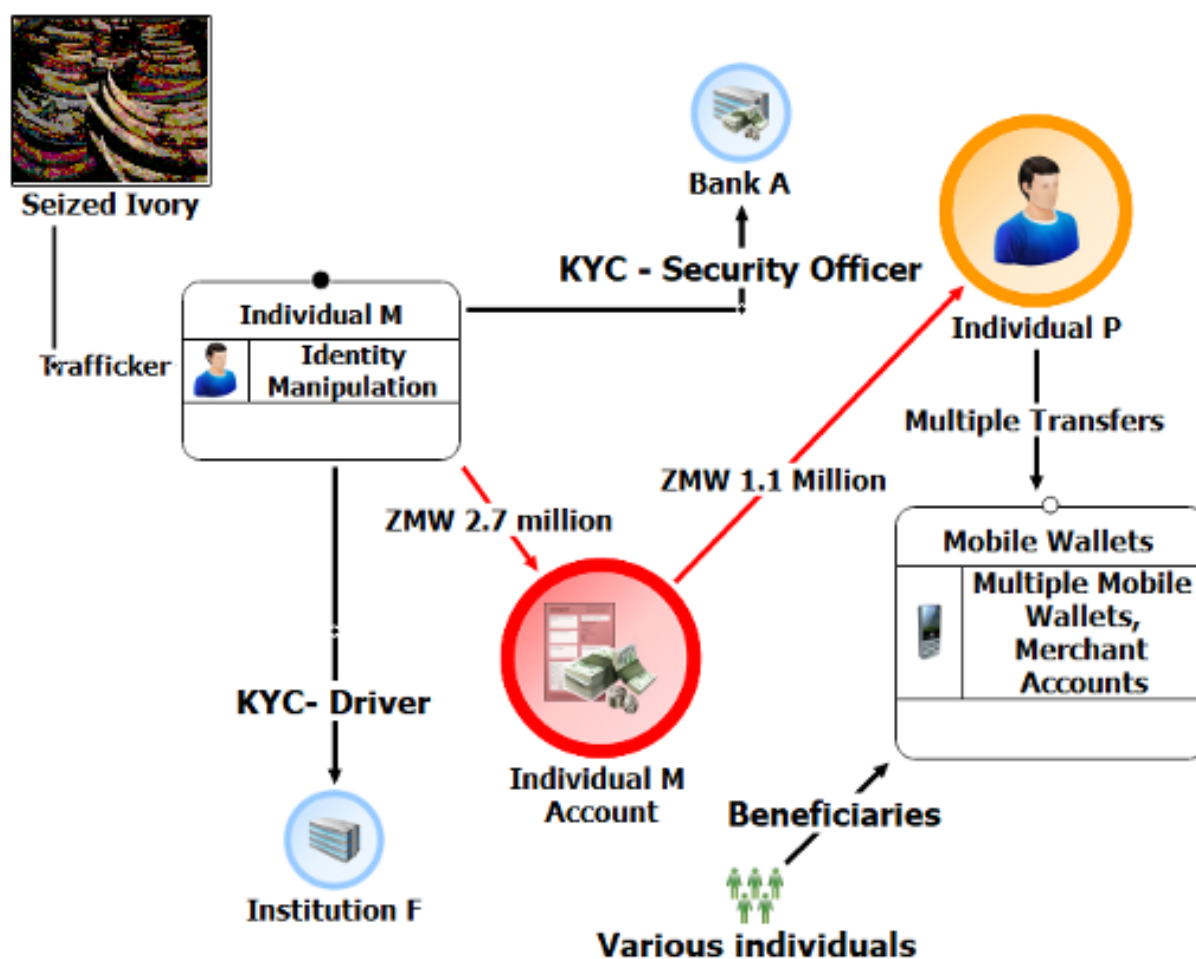
Further examination of financial records highlighted repeated large peer to peer transfers among the suspects.

Merchant accounts frequently appeared as endpoints, suggesting commercial activity potentially linked to wildlife products. Geographic profiling revealed that most suspects resided in proximity to wild life sanctuaries and cross border trafficking routes.

The cases were disseminated to the relevant LEAs and investigations are on-going.

“...timber harvesting operations were concentrated in the Eastern and Western Provinces of Zambia...”

Chart 4: Illegal Ivory Trading



Case Study 6: Illegal Timber Trade

The FIC received information that Individual GD was arrested for the illegal harvesting of over 300 timber logs from a National Park and that four tractors used to transport the timber were also seized as instrumentalities of the crime.

Analysis revealed that GD was a director in companies TX and XM, both registered as timber processors. However, analysis of TX and XM accounts showed no activity, indicating that GD was conducting business through his personal account to evade tax.

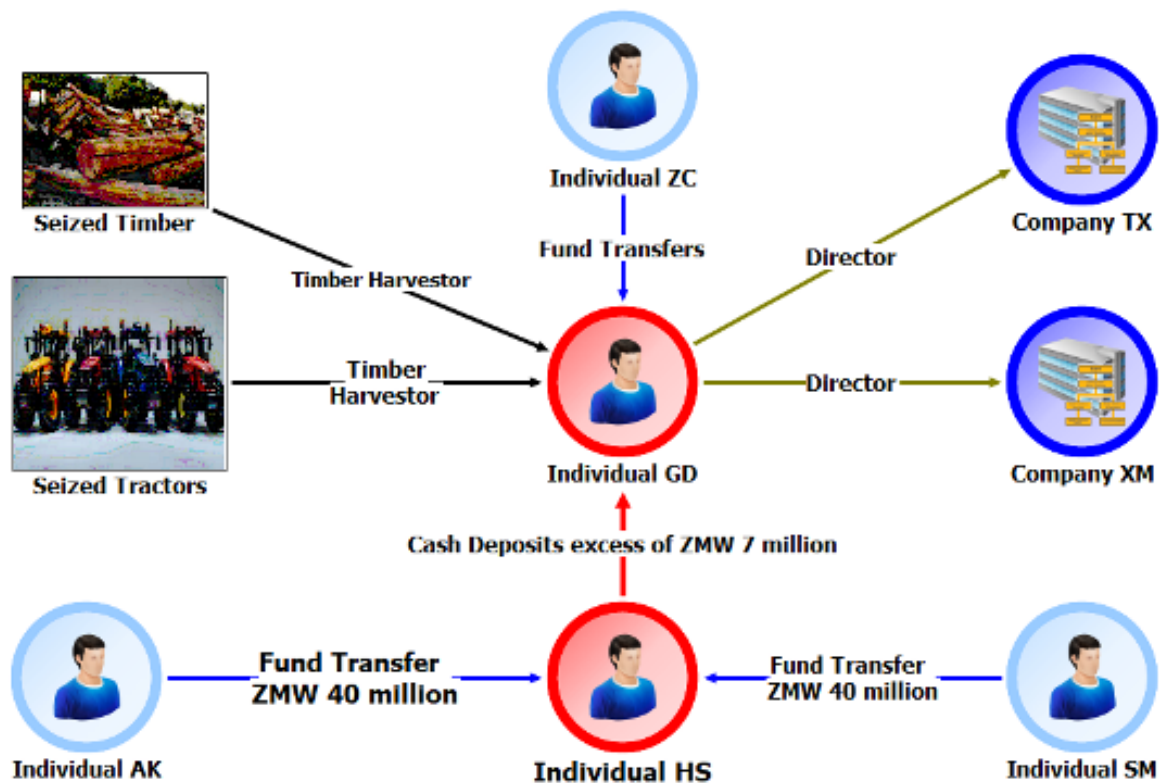
Further inquiry established that GD received over ZMW 7 million in cash deposits from two Asian nationals, HS and ZC. HS, in particular, was identified as the mastermind of the syndicate. His personal account, reviewed over the period June 2021 to June 2025, reflected a credit turnover exceeding ZMW 80

million. The account was regularly credited with large cash deposits ranging between ZMW 300,000 and ZMW 500,000 from Individuals AK and SM.

Our inquiry established that HS, ZC, GD, AK, and SM were operating a syndicate engaged in illegal timber harvesting, with HS at the center of the financial activities.

The matter was disseminated to the relevant LEAs. The seized timber and tractors have since been forfeited to the state through non-conviction-based forfeiture.

Chart 5: Illegal Timber Trade



Recommendations

- i. Consider an amendment to Section 100 of the Forests Act to provide for effective and dissuasive mechanisms to administer penalties.
- ii. Create awareness amongst communities on the availability of economic benefits associated with preservation of forests such as carbon credits.
- iii. Integrate forestry/wildlife e-permits directly into the national Customs system (e.g., ASYCUDA).
- iv. Replace single-agency security at points of entry and exit in protected areas with permanent Joint Investigations Teams (Customs, Wildlife, Police) at high-risk locations.
- v. Enhance investigating mechanisms to ensure a focus on asset recovery, tracking of beneficial owners and enablers.

2.5 FRAUD

The 2nd Round of the NRA identified fraud as one of the major proceeds generating crimes in Zambia. However, the number of STRs to the FIC by reporting entities on fraud does not reflect this fact. In 2025 the FIC disseminated 3 cases related to fraud. Most of the fraud cases investigated by LEAs are reported through other sources. This is evidenced by the low number of disseminations on fraud by the FIC to

LEAs.

Case Study 7: Suspected Fraud

The FIC analysed a case of suspected fraud involving Individual BB, a Zambian of European descent and Managing Director of Company PT.

In 2025, an incident of unauthorized access and fraudulent transfer of funds occurred from

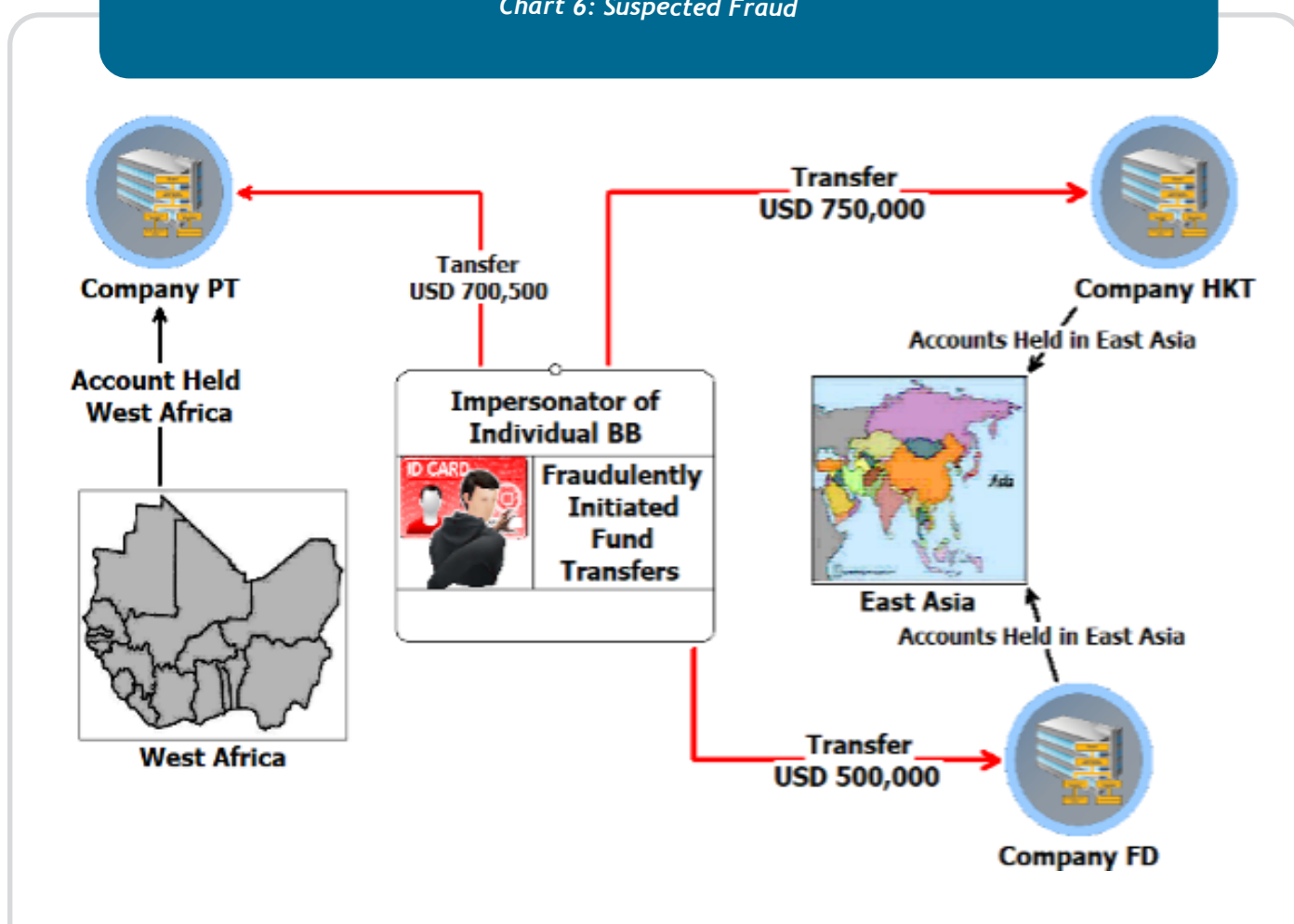
Individual BB's account held at a named commercial bank. The fraudulent transactions were executed by an individual impersonating BB, resulting in three separate transfers of USD 700,500.00, USD 750,000.00, and USD 500,000.00 to beneficiaries located in East Asia, and West Africa. The beneficiaries were identified as companies PT, HKT, and FD, respectively. The transactions were falsely described as payments for the purchase of hair, furniture and shoes.

Upon detection of the fraudulent transfers, the FIC promptly initiated requests for information and

cooperation with foreign counterparts. Through coordinated efforts, the funds were successfully traced and recovered, and subsequently returned to the customer's account. The successful recovery of the funds underscores the importance of cross-border cooperation, and timely intelligence exchange in mitigating financial fraud risks.

The bank's internal investigation revealed deficiencies in customer due diligence procedures. The case was disseminated to a LEA for investigation.

Chart 6: Suspected Fraud



Recommendations

- i. AML/CFTP Supervisors should enhance identification of fraud indicators to assist reporting entities identify suspicious activities.
- ii. The Financial sector should begin to implement the requirements of FATF Recommendation 16 as they relate to fraud prevention and detection.
- iii. Financial institutions and MVTs need to improve on verifications of documents presented and customer identity for account opening and instructions from customers to manage the risk of impersonation.
- iv. Strengthen transaction monitoring systems within mobile money service providers to detect anomalous transaction patterns;
- v. Increased consumer awareness on cyber enabled financial crimes
- vi. Accelerate the implementation of the biometric identification system; and
- vii. Sensitisation of the public on e-wallet enabled fraud schemes including transaction prompts reminding customers of fraud risks.

2.6 ABUSE OF PAYMENT SERVICE PROVIDERS

The FIC has identified a trend involving the abuse of payment service providers as conduits for the externalization of suspected proceeds of crime. Foreign-owned entities operating as payment system providers were observed to be conducting high-value transactions that were inconsistent with their declared business profiles and anticipated transactional behaviour. Notably, several of these entities received funds from individuals and companies previously identified as suspects in tax crime and money laundering investigations.

Further analysis revealed a pattern of funds coming through inter-company transfers among related entities followed by remittances to home jurisdictions of the companies' directors and shareholders. These transaction patterns are indicative of a deliberate layering process, aimed at concealing the origin and beneficial ownership of the funds.

Case Study 8: Abuse of payment service providers

The FIC initiated an inquiry into Company A, a money remittance provider operating high-turnover accounts across three banks. Its activity showed rapid fund movement with little commercial activity. Large cash deposits, including third-party deposits by foreign nationals, were quickly converted into cross-border transfers.

These went mainly to Asia, West Africa and the western hemisphere, often narrated as "equipment purchase." Between June 2024 and August 2025,

Company A recorded consolidated credits of ZMW 85 million and USD 21 million, respectively.

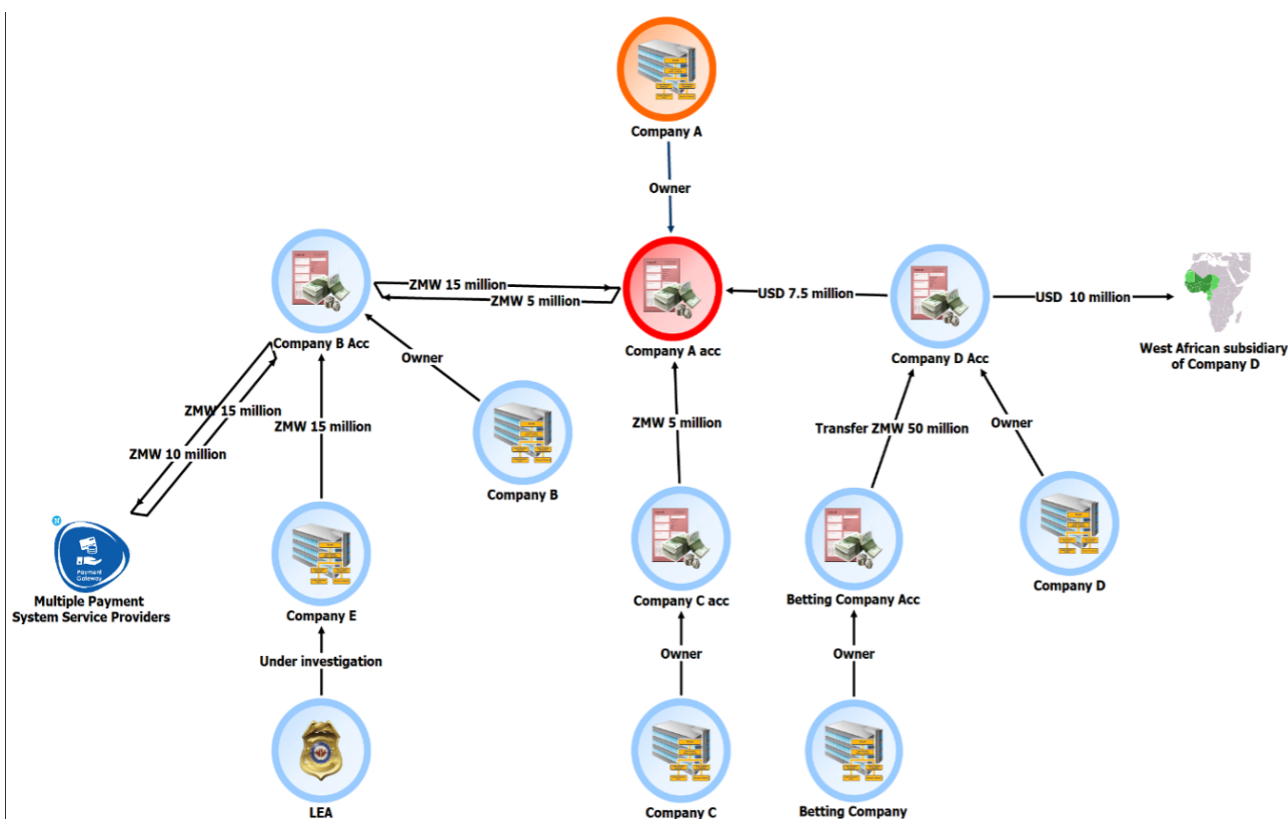
Further analysis showed that Company C, a designated payment service provider, received transfers connected to Company A and moved over ZMW 21 million from an unlicensed payment system provider, Company X to Company B. Company B was registered as a "business support services" provider, with two West African nationals as its UBO, but effectively facilitated payments. Over three months, its accounts recorded credits above ZMW 222 million and USD 5.7 million respectively, with inflows from Companies C, D and E and outflows to multiple regions, including East Africa.

Company D, nominally a transport support firm, functioned as a financial conduit. It processed over ZMW 130 million and USD 9 million, respectively, including funds from a betting company externalised as "intercompany transfers." Company E, masked as, a soft-drinks manufacturer, routed similar funds through Bank QS to Company B and entities in West Africa.

Of the three (3) companies designated as payment service providers, only Company C was appropriately registered as a payment service provider. Further, only Companies B and C were tax-registered.

The matter was referred to LEAs for investigation.

Chart 7: Abuse of payment service providers



Case Study 9: Abuse of Registered Payment System Provider to Facilitate Illicit Financial Flows

The FIC analysed a case involving Company AX, a Zambian money-remittance service provider, on suspicion of facilitating illicit financial flows. Company AX was licensed to provide money-remittance services since 2023.

Analysis of transactions showed that Company AX maintained multiple high-turnover bank accounts across multiple banks. Activities across the accounts showed rapid movement of funds with limited evidence of underlying commercial activities.

The large cash deposits were dominated by third-party individuals who included foreign nationals. The individuals associated with the transfers had longstanding links to reported suspected IFFs, particularly involving suspected currency smuggling and illegal mining activities.

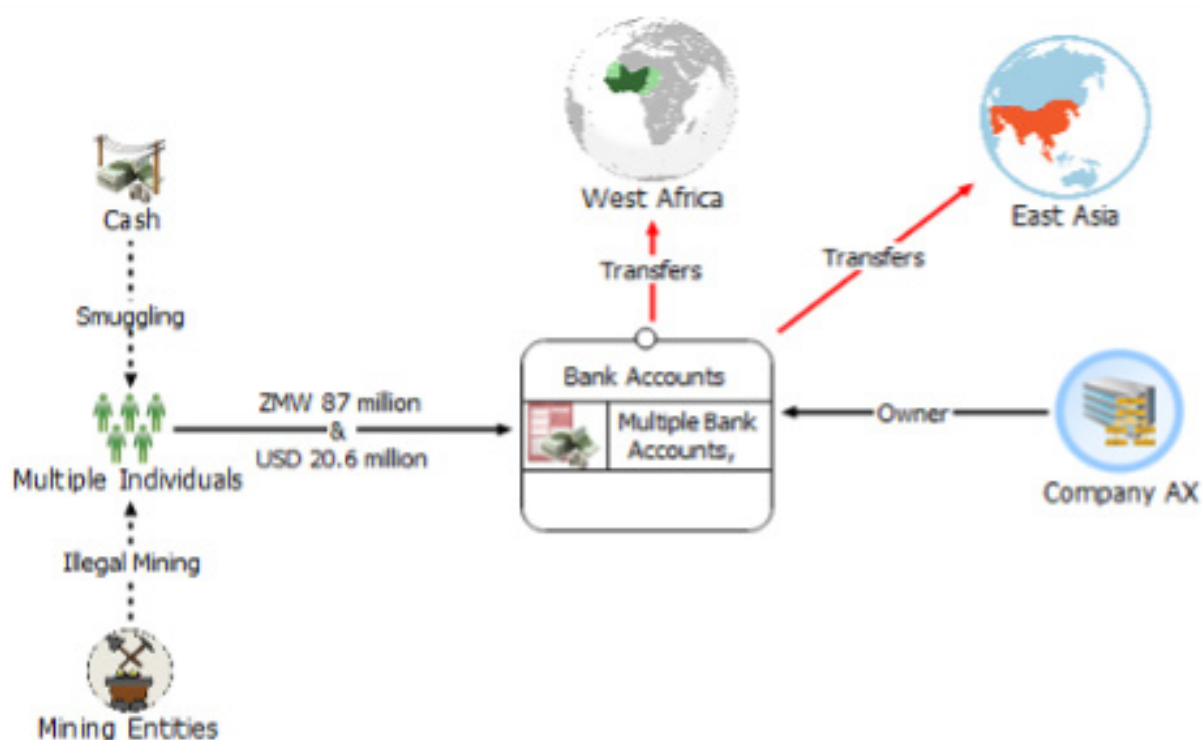
Payment-destination analysis showed that outbound transfers were heavily directed to Asia and West Africa. Transaction narrations were commonly trade-

based and referenced purposes such as “equipment purchase”. During the review period from March 2024 to November 2025, consolidated credits across the accounts totaled approximately ZMW 87 million and USD 20.6 million.

The FIC observed that Company AX presented ML risks, with activity diverging substantially from its legitimate business operations. The case also reflected an emerging typology in which illicit actors may exploit registered and regulated payment or remittance frameworks, rather than relying predominantly on shell companies, while continuing to use cash deposits and rapid cross-border transfers to disguise the origin of funds.

The matter was disseminated to a LEA and the investigations are ongoing.

Chart 8: Abuse of Registered Payment System Provider to Facilitate Illicit Financial Flows



Recommendations

- i. Supervisors should consider enhancing the intensity and frequency of supervision of PSPs in line with the emerging risk profile.
- ii. Financial institutions must not be used by PSPs as conduits for customers to remit suspected illicit funds and evade advance income tax through the PSPs. During the period under review, it was noted that Advance Income Tax (AIT) reduced significantly from ZMW 323.6 million in quarter 1 to an average of ZMW 50 million in each subsequent quarter.
- iii. Financial institutions are advised to conduct enhanced due diligence when onboarding PSPs.



CHAPTER 3: **REPORTS RECEIVED BY THE FIC**

INTRODUCTION

The FIC receives Suspicious Transaction Reports (STRs), Currency Transaction Reports (CTRs), Cross-Border Currency Declaration Reports (CBCDRs) and wire transfers for the production of financial intelligence and development of strategic analysis products. The STRs and CTRs are received from reporting entities in accordance with Sections 29 and 30 of the FIC Act, Chapter 384 of the Laws of Zambia.

The CBCDRs are provided by the Zambia Revenue Authority and relate to declarations made pursuant to Section 41A of the Customs and Excise Act, Chapter 322 and Section 38 of the FIC Act, Chapter 384, of the Laws of Zambia, which require travelers to declare any currency equal to or exceeding USD 5,000 at points of entry and exit. The Wire Transfer Reports are provided to the FIC by the Bank of Zambia in accordance with Section 26 of the FIC Act.

3.1 SUSPICIOUS TRANSACTIONS REPORTS RECEIVED

In 2025, the FIC received 6,136 STRs, representing a 31.7% decrease from 8,981 STRs in 2024 which is attributed to a reduction of reporting in the banking sector. Further, the decrease is attributed to measures taken to reduce illicit financial flows (IFFs) and strengthened AML systems in commercial banks that have reduced defensive reporting.

During the period under review, 544 STRs were

rejected, which was a decrease of 43% from 954 rejected in 2024.

3.1.1 STRS Received by Sector

The banking sector continues to account for the majority of STRs received by the FIC. In 2025, the FIC received 5,893 while 8,710 reports were received in 2024 representing a reduction of 32%. The commercial banks continued to dominate in terms of STR submissions, underscoring the central role of the banking sector in the reporting regime. This can be attributed to the sector's mature compliance frameworks, which encompass dedicated compliance teams, automated transaction monitoring systems, and infrastructure that enables them to readily identify and escalate suspicious activity.

A notable development during the period under review was the increase in STR submissions from the DNFBPs sector, which recorded 92 STRs in 2025 from 17 in 2024 representing an increase of 441%. This upward trend reflects the progressive implementation of compliance obligations and enhanced supervisory engagement by the FIC, including increased awareness initiatives and strengthened enforcement measures. The majority of STRs received from DNFBPs were filed by betting companies, which accounted for 89 of the 92 reports submitted, with the remainder originating from law firms (2) and accounting firms (1). Table 1 shows the number of STRs received across the various sectors.

Table 1: STRs received by sector

Number of reports received by year			
Sector /Service	2025	2024	2023
Banks	5,893	8,710	10,072
MVTS Providers	103	184	163
Microfinance	19	20	43
DNFBPs	92	17	0
Motor vehicle dealers (Accountable Institution)	0	1	0
Insurance	6	3	4
Building Societies	13	9	0
Securities	3	1	0
Bureaux de Change	3	1	0
Virtual Asset Service Providers (VASPs)	4	35	11
Total	6,136	8,981	10,293

3.1.2 STRS Analysed

In 2025, the FIC analysed 4,766 STRs, compared to 18,330 analysed in 2024. Of the analysed STRs, 3,980 were closed in 2025 which was a decrease of 77% from 17,379 in 2024. The reasons for closing the STRs included, verified transactions, low risk, lack of materiality and duplicate STRs.

The high number of reports analysed in 2024 was a result of strategic and operational activities which were undertaken to address a backlog of reports from previous years.

3.1.3 Intelligence Disseminated

In 2025, the FIC disseminated a total of 786 intelligence reports compared to 951 intelligence reports in 2024, representing a 17.3% decrease. Despite the overall reduction in disseminations, tax evasion and money laundering continued to account for the majority of reports, with 580 and 192 reports, respectively.

Notable declines were observed in categories such as corruption, fraud, immigration-related offences, and violations of the Banking and Financial Services Act. Table 2 below shows the number of reports disseminated over the past three years.

Table 2: Dissemination statistics by offence and by year (3 years)

Suspected Offence	2025	2024	2023
	No. of reports	No. of reports	No. of reports
Tax Evasion	580	573	450
Corruption	6	10	9
Fraud	3	63	6
Money Laundering	192	243	11
Terrorist Financing	2	5	0
Violations of Banking & Financial Services Act	0	2	443
Immigration related offences	1	55	4
Violations of the National Payment Systems Act	2	0	0
Total	786	951	923

3.1.4 Feedback on Dissemination

During the period under review, feedback received on intelligence disseminated indicated that the Zambia Revenue Authority made tax assessments amounting to more than ZMW 12.5 billion and recovered over ZMW 36.3 million, inclusive of penalties and interest. Other law enforcement agencies reported eight convictions, including cases involving possession of property suspected to be proceeds of crime and abuse of office.

These convictions resulted in the forfeiture of assets valued at USD 3.3 million, comprising motor vehicles, real estate and cash. Feedback

further revealed that most cases remain under investigation and prosecution.

The current feedback process requires the FIC to send a questionnaire to the LEAs to request for status update on the disseminations done to the respective LEAs.

CURRENCY TRANSACTION REPORTS (CTRS) AND CROSS-BORDER CURRENCY DECLARATION REPORTS (CBCRDS)

Each of these disclosures measure a different type of financial activity, and they help the FIC build a broad picture of how cash and value move through Zambia's financial system and across its borders. CTRs and CBCDRs were analysed as a closely related pair, since both provide evidence of Zambia's cash

environment. Their relationship was made explicit through border towns, value and concentration analysis.

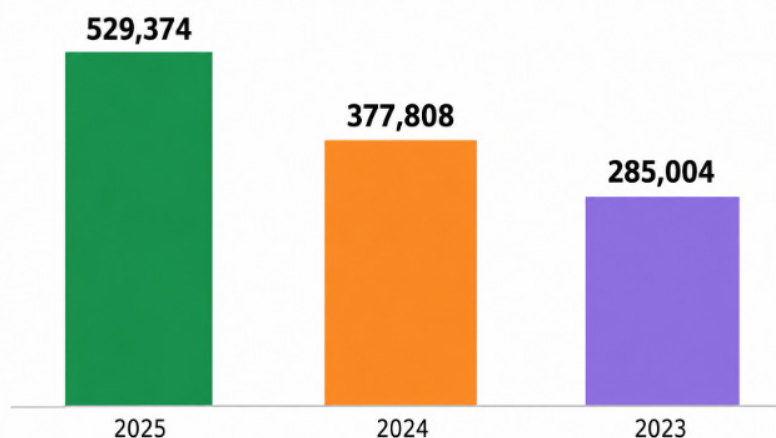
3.2 CURRENCY TRANSACTION REPORTS (CTRS)

A Currency Transaction Report (CTR) is filed by a bank or other financial institution whenever a customer conducts a cash transaction equal to or above a prescribed threshold of USD 10,000 or its Kwacha equivalent. A CTR is not, by itself, evidence of wrongdoing: many legitimate businesses and individuals in Zambia's economy transact routinely in cash. However, this data is valuable to the FIC because it enhances analysis and provides trends around the usage of cash in the economy.

3.2.1 Scale of CTR Activity

In 2025, the Centre received 529,374 CTRs, compared to 377,808 in 2024 and 285,004 in 2023, respectively representing an increase of approximately 40%.

Figure 2: Number of CTRs received, 2023 to 2025



88.1% and 85.7% for individual and corporate CTRs respectively of the value analysed (*for this purpose, large transactions are single transactions of amounts equal to or above USD 100,000 or kwacha equivalent*). Transactions under the CTR reporting threshold “near threshold” were recorded in both groups. These repeated transactions are a sign of structuring to avoid reporting requirements. Table 3 depicts CTR activity by customer type during the period under review.

3.2.3 Cash Deposits, Withdrawals and Foreign-Currency

This continued upward trend recorded over the past three years reflects to some extent growth in Zambia's overall economic and banking activities. Further, the increase also shows that a larger share of Zambia's commerce is cash based. Figure 1 below illustrates the number of CTRs received in the last three years.

3.2.2 Comparison of Individual and Corporate CTRS

The CTR population divides into two distinct groups: transactions by individuals (natural persons) and transactions by registered companies (corporates). Corporate CTRs accounted for more than two-thirds of all CTRs analysed and for more than three-quarters of the value involved, reflecting the scale of corporate cash activity while individuals accounted for one-quarter of the CTRs.

Both groups, nonetheless, show that a relatively small number of large transactions account for

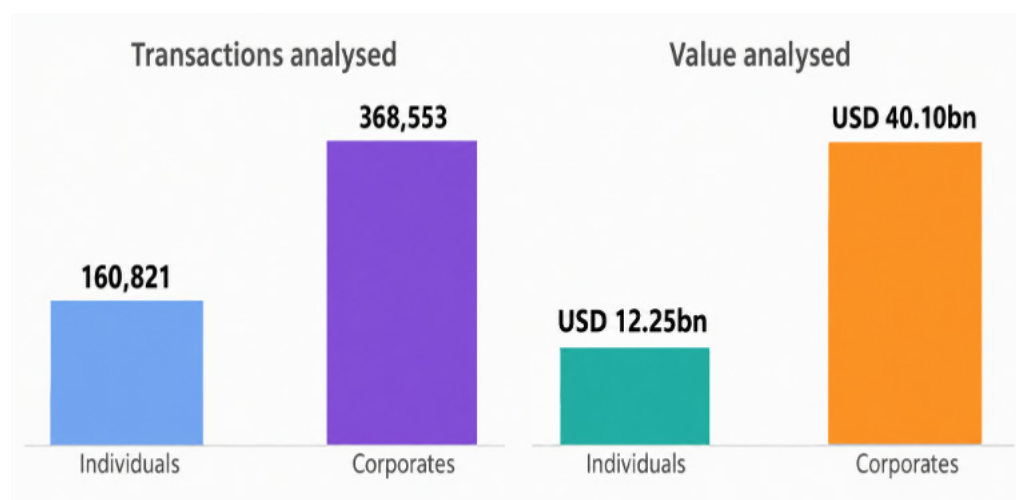
Among individuals, the FIC recorded 77,591 cash deposits worth approximately USD 5.77 billion, and 79,635 cash withdrawals worth approximately USD 6.28 billion, with a further 3,595 transactions worth approximately USD 204.10 million that could not be classified as either because of poor narration on the record. The financial activity on the accounts indicates that cash deposits are promptly withdrawn, which may be related to cash recycling, informal business settlement, or the movement of funds between the formal and informal sectors. It may also be indicative of cash smuggling.

Among corporates, 199,066 cash deposits worth

Table 3: CTR activity by customer type, 2025

Category	Individuals	Corporates
Total no. of Transactions analysed	160,821	368,553
No. of Large transactions	48,080	41,578
No. of Near-threshold transactions	6,639	5,657

Figure 3: CTR transactions and value by customer type, 2025



approximately USD 28.92 billion, and 74,139 cash withdrawals worth approximately USD 3.39 billion, with a further 39 transactions worth approximately USD 0.08 million that could not be classified as either because of poor narration on the record.

Foreign currency, predominantly the US Dollar, is a central feature of CTR activity. Among individuals, USD-denominated transactions were equivalent to approximately USD 11.08 billion, while USD 35.70 billion was recorded for corporates. The Bank of Zambia issued the Currency Directives, 2025, which took effect on 26 December 2025 and require domestic transactions to be settled in Kwacha and Ngwee, subject to prescribed exemptions.

Because the Directives became effective at the end of the reporting period, their impact cannot be assessed from the 2025 CTR data. Analysis of 2026 CTRs will show whether domestic USD cash activity declines or shifts to exempt transaction categories.

3.2.4 Sector Concentration

Trade-related activity is the strongest recurring feature of the 2025 CTR data. Among individuals, retail, wholesale and general trade accounted

for 36,979 transactions worth approximately USD 5.0 billion, and business owners, traders and self-employed persons accounted for a further 37,412 transactions worth approximately USD 5.43 billion. Among corporates, retail, wholesale and general trade accounted for 94,320 transactions worth approximately USD 14.1 billion, including 12,832 large transactions worth approximately USD 12.4 billion. Agriculture, manufacturing, transport and logistics, construction and real estate, and financial services also each recorded a disproportionate share of large value or foreign-currency transactions relative to their size, and several of these sectors show material exposure at border towns.

Sector analysis was limited by data quality, for instance, 59,831 individual CTRs which was more than one-third of the transactions analysed could not be linked to a known occupation or sector. Improving the completeness of occupation, employer, business-activity and source-of-funds information is therefore both a reporting-quality issue and an AML/CFT risk-management priority. The area of incomplete data will be subject of supervisory focus by the FIC and financial sector supervisors.

3.2.5 Unusual Patterns

Beyond sector and value concentration, the 2025 analysis identified some relationship patterns among corporate CTRs. These included 2,025 individual depositors linked to two or more companies, and 1,734 receiving accounts that took deposits from two or more separate depositors. A further 4,700 or more of the companies were registered for less than one year, and 3,741 transactions above USD 100,000 were associated with this group of recently incorporated companies.

While these patterns can have entirely legitimate commercial explanations (such as shared bookkeeping, group financing arrangements, or normal start-up activity), when combined with high cash intensity or rapid cash-in, cash-out behaviour, they can also be consistent with the use of multiple linked accounts to move or obscure the source of funds.

3.2.6 Border Towns and the Relationship with Cross-Border Currency Declarations

CTR activity in Zambia's border towns is geographically uneven. Among individuals, Nakonde recorded the highest border-town value at USD 846.29 million, followed by Kasumbalesa/Chililabombwe at USD 482.62 million and Chirundu at USD 188.33 million.

Among corporates, the pattern differs: Kasumbalesa/Chililabombwe recorded transactions worth USD 5.0 billion and Chirundu recorded transactions worth USD 1.8 billion. Nakonde is especially prominent in individual cash activity, while Kasumbalesa/Chililabombwe and Chirundu are particularly prominent for corporates.

The observed pattern is indicative of Zambia's trade relationships with its neighbours and the use or lack thereof banking systems. The DRC is one of Zambia's largest market for non-traditional exports and therefore the high volume of USD denominated deposits in Kasumbalesa is expected. With regard to Nakonde, most of the imports into Zambia from the far east come through the Nakonde border of particular significance is the importation of motor vehicles from Japan using this trade corridor. In addition, East Africans have been observed purchasing minerals in Zambia. Cash deposits in Nakonde are withdrawn near places in Zambia with known mining activity. The high value of individual CTRs is expected.

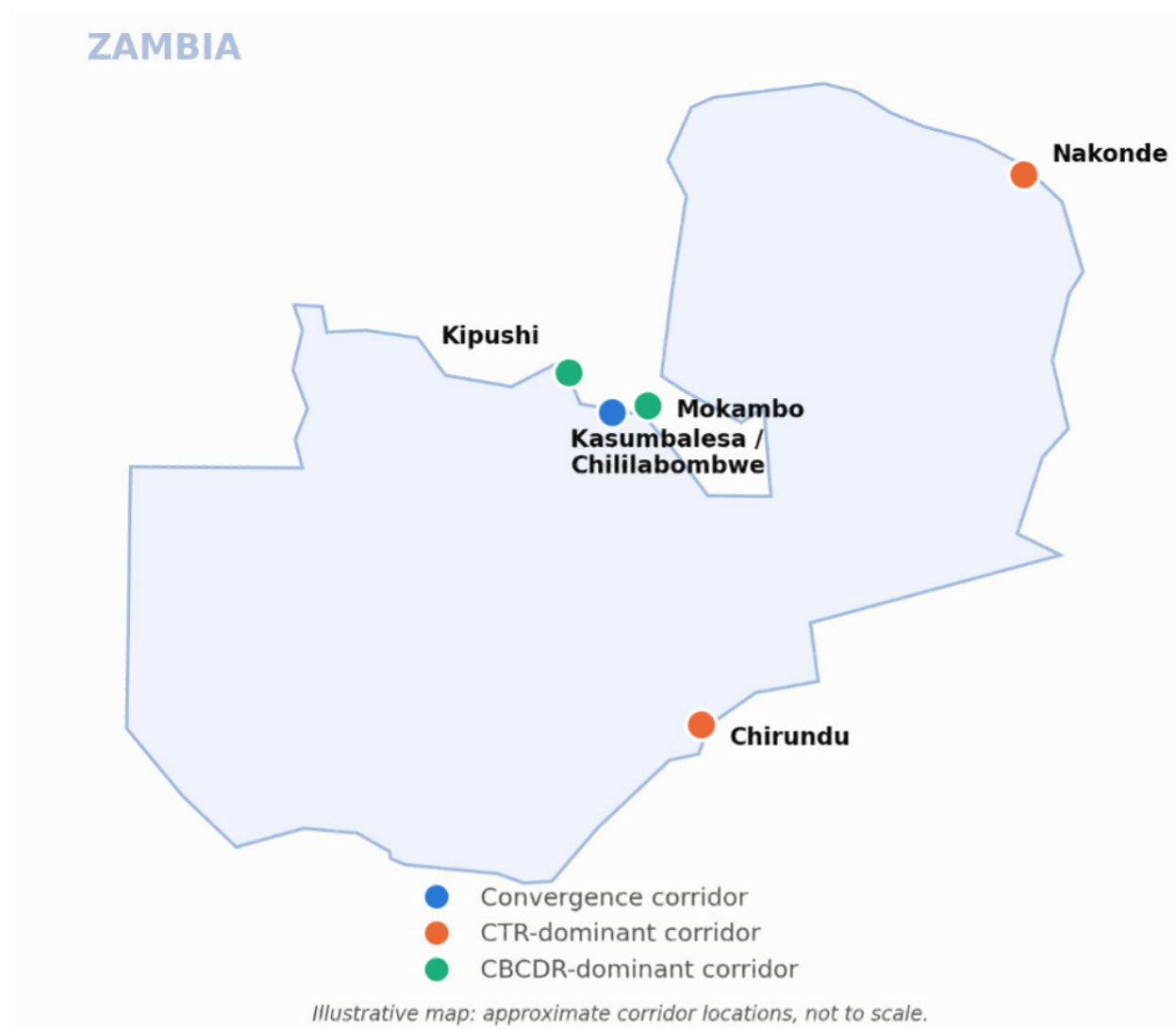
3.2.7 CTRS and CBCDRS

The comparison is used to identify geographic convergence or divergence between the two reports, not to treat any numerical difference as evidence of undeclared cash.

Table 4: CTR and CBCDR activity by border corridor, 2025

Towns	CTR activity	CBCDR activity	What the combined data shows
Kasumbalesa / Chililabombwe	Individuals: 4,641 transactions, USD 482.6m. Companies: 15,426 transactions, USD 5.0bn.	2,453 declarations, USD 396.4m	There is a significant difference between CTR activity and CBCDR which suggests potential non declaration of cash at the border.
Nakonde	Individuals: USD 846.3m the highest border-town value recorded.	Not among the leading CBCDR value points.	Given the high value of CTRs by individuals, there is need to improve the CBCDRs at this point of entry given the level of detected illicit trade in minerals
Kipushi / Mokambo	Not among the leading CTR corridors by value.	Kipushi USD 87.8m; Mokambo USD 39.7m, high value despite relatively few declarations.	Given the improving production in minerals in DRC and Zambia, and the improving transport infrastructure, trade is expected to increase on this trade corridor and therefore they need to ensure banking services in the area to capture cash that is moving across the border.
Chirundu	Companies: 5,411 transactions, USD 1.8bn. Individuals: USD 188.3m.	Not among the dominant CBCDR value points.	Given the high value of CTRs by individuals, there is need to improve the CBCDRs at this point of entry given the level of detected illicit trade in minerals.

Figure 4: CTR vs CBCDR border corridor profiles



Recommendations: CTRs

- I. There is need to improve systems on cross border movement of cash at points of entry and exist. Where banking services do not exist, there is need for provision of such services in order to capture cash transactions in the formal banking system along trade corridors.
- II. There is need to improve the legal framework and its enforcement on cross border movement of cash and bullion.
- III. Consistent with the Centre's previous reports, we recommend the limiting of the use of cash in commerce.
- IV. Transactions structured just below the reporting threshold, or split across third parties, can be used to deliberately evade CTR reporting. Reporting entities should strengthen AML/CFTP monitoring systems to detect structured transactions and report the same as STRs to the Centre.

3.3 CROSS BORDER CURRENCY DECLARATION REPORTS (CBCDRS)

A Cross-Border Currency Declaration Report (CBCDR) is completed by a traveler entering or leaving Zambia who is carrying cash above a prescribed threshold currently the Kwacha equivalent of USD 5,000. CBCDRs are collected by the Zambia Revenue Authority at ports of entry and exit and shared with the FIC. They give the FIC visibility over the physical movement of cash into and out of Zambia a channel that operates entirely outside the formal financial system and that electronic monitoring cannot detect.

A high declaration value does not, by itself, indicate anything improper: many of Zambia's borders serve substantial and entirely legitimate cross-border trade, and travelers carrying trading capital, business proceeds or personal funds account for the great majority of declarations.

3.3.1 Scale of CBCDR Activity

In 2025, the Centre received 3,113 CBCDRs with a combined declared value of USD 555 million, compared to 2,880 reports worth USD 412 million in 2024. The increase in the number of declarations

was modest, at 8%, but the value declared rose by approximately 35%, showing that the main trend is a rise in the value of individual declarations rather than a comparable rise in the number of travelers declaring currency. The average declaration value rose from USD 166,600 in 2024 to USD 178,300 in 2025.

3.3.2 Concentration at Border Posts

Physical currency movement remains highly concentrated along the Kasumbalesa, Kipushi and Mokambo border posts in terms of value. During the period under review, Kasumbalesa border post alone recorded 2,453 declarations worth USD 396.4 million representing 78.8% of the number of declarations and 71.4% of total declared value reflecting its role as Zambia's principal commercial land border with the Democratic Republic of Congo.

Kipushi and Mokambo recorded far fewer declarations but carried disproportionately high average values: approximately USD 702,000 per declaration at Kipushi and USD 749,000 at Mokambo, compared with approximately USD 162,000 at Kasumbalesa. Together, Kasumbalesa, Kipushi and Mokambo accounted for approximately 94% of all declared value, making this Copperbelt

Table 5: CBCDRs received between 2023 and 2025

Year	2025		2024		2023	
	No. of declarations	Value of declarations (USD' million)	No. of declarations	Value of declarations (USD' million)	No. of declarations	Value of declarations (USD' million)
Kasumbalesa	2453	396.3	2392	347.25		403.6
Sakania	47	10.7	58	6.61		196
Mokambo	53	39.6	85	45.2		16.7
Kipushi	125	87.8	0	-		-
Kenneth	352	13.1	265	9.31		24.4
Ndola Airport	48	2.4	42	2.13		0.5
Kazungula	12	0.4	10	0.46		0
Nakonde	0	-	0	-		0.9
Chirundu	8	0.2	5	0.34		0.2
Solwezi	0	-	4	0.36		-
Lufuwa Border	5	0.3	3	0.02		0
Victoria Falls	3	0	18	0.12		0
Mwami	3	0	4	0.02		0
Kitwe	3	0.1	0	-		-
Kariba	0	-	1	0.01		0
Katima Mulilo	1	0	1	0.02		-
Total	3113	550.8	2888	411.84	3421	642.4

corridor with the Democratic Republic of Congo the dominant geographic exposure in Zambia's currency declarations.

It was noted that during the period under review, Kenneth Kaunda International Airport recorded a relatively low value of declared currency despite having the second-highest number of declarations, after Kasumbalesa. This is notable given that Kenneth Kaunda International Airport is Zambia's largest and busiest airport in terms of international air travel. Furthermore, interceptions made at the airport indicate that some funds may be entering or leaving the country without being declared, suggesting potential under declaration or non-compliance with currency declaration requirements.

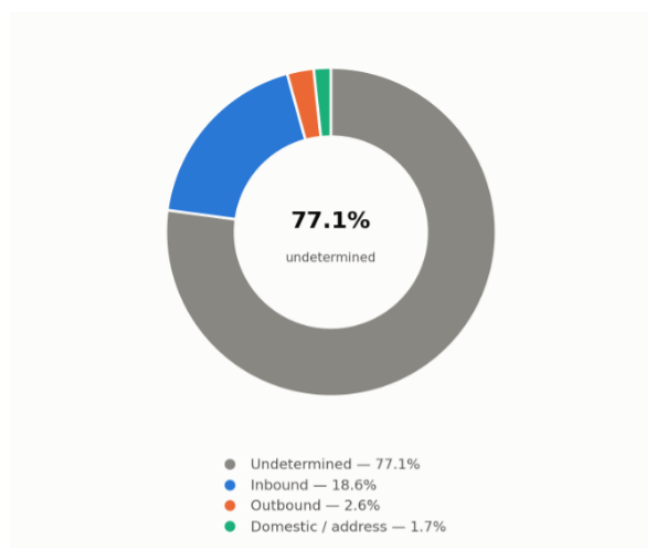
3.3.3 A Significant Gap: The Direction of Travel is Mostly Unrecorded

The major limitation in the CBCDR concerns the quality of travel-direction information. Of the 3,113 declarations received in 2025, 2,401 (77.1%), were recorded with an unknown direction of travel. Only 579 declarations were recorded as inbound and 81 as outbound, with a further 52 recorded on a domestic or address basis.

3.3.4 Cross Border Transactions by Money or Value Transfer Services (MVTs)

Money or Value Transfer Services (MVTs) allow customers to send and receive money electronically, including across borders, without necessarily holding

Figure 5: CBCDR declarations by direction of travel, 2025



a bank account.

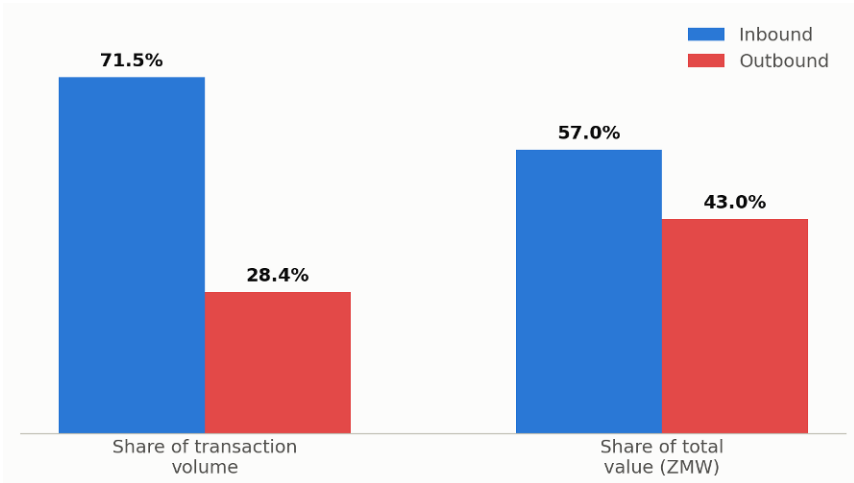
During the period under review, the FIC analysed 295,776 cross border transactions worth ZMW 1.155 billion (approximately USD 41.3 million

equivalent), submitted by eight MVTs. Inbound transfers accounted for 71.5% of the transactions, while 28.4% was outbound. The average value per outbound transaction was ZMW 5,919, while the inbound average was ZMW 3,111.

Table 6: Table 6: MVTs transaction profile by direction, 2025

Metric	Inbound	Outbound	Total
Transactions	211,538	83,956	295,776
Share of volume	71.5%	28.4%	100%
Value (ZMW)	658.06 million	496.93 million	1.155 billion
USD equivalent	23.56 million	17.76 million	41.32 million
Average transaction (ZMW)	3,111	5,919	3,909

Figure 6: MVTs volume share compared with value share, by direction



The increasing number of transactions and activities in the MVTs sector warrants close supervision. Notwithstanding the foregoing, the number of STRs from the sector continues to be low.

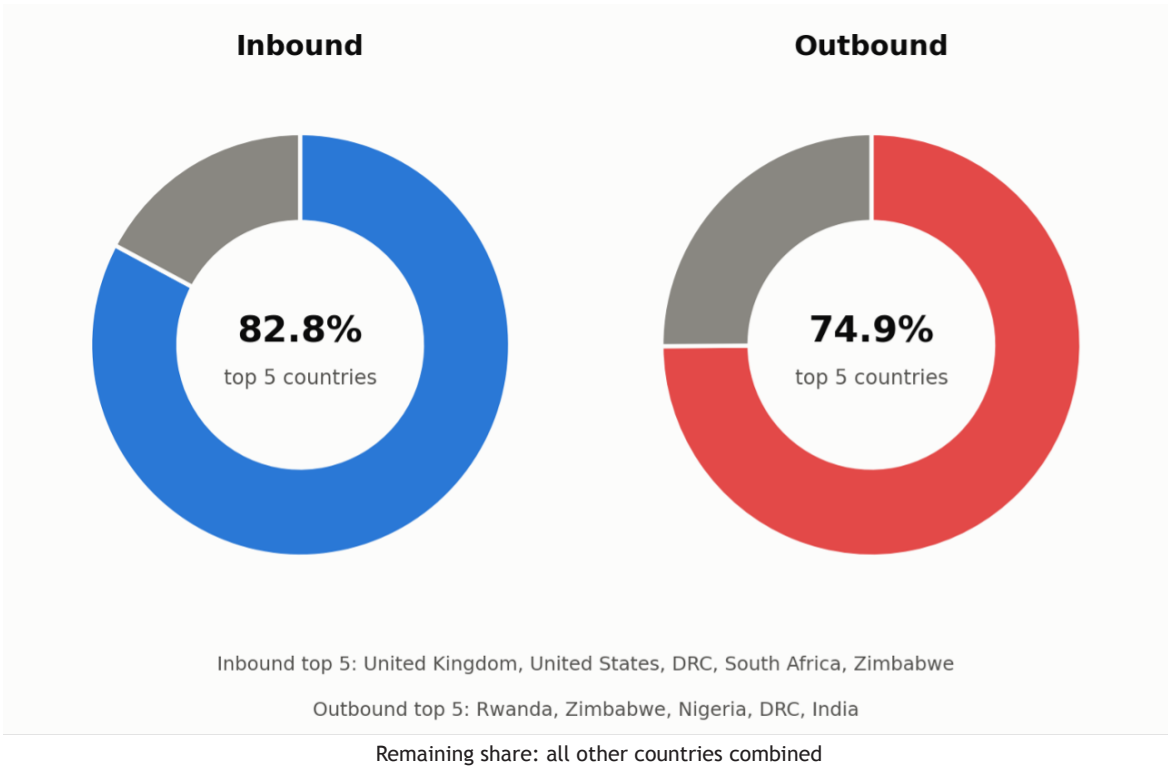
3.3.5 International Corridors

In the period under review, it was observed that inbound transfers were concentrated in a small number of source countries: the United Kingdom, United States, the Democratic Republic of Congo, South Africa and Zimbabwe together accounted for 82.8% of the total volume as depicted in table 6

above. Outbound transfers were mostly to Rwanda, Zimbabwe, Nigeria, the Democratic Republic of Congo and India accounting for 74.9% of the total volume. This concentration supports focused supervision of corridors particularly those where value, stated purpose or customer profile differs from the national pattern.

India was notably the highest-value outbound corridor with 9,077 outbound transactions worth ZMW 307.0 million, averaging ZMW 33,830 per transaction.

Figure 7: Concentration of inbound and outbound MVTs corridors, 2025



Recommendations: MVTs

- I. The volume and value of transactions in the MVTs sector has significantly increased, this is however not reflective of the number of STRs reported.
- II. MVTs are required to comply with recommendation 16 of the FATF in relation to the travel rule. This calls for collection of information on the originator, intermediary and beneficiary.
- III. Enhanced supervision should be implemented on international corridors, including border towns such as Chililabombwe and Livingstone. This is due to the increased risk of illicit cross border movement of cash and high level of cash transactions identified in these areas.
- IV. Criminals have been observed transferring fraudulently acquired funds through MVTs wallets. Reporting entities should develop capabilities to identify structured transactions and file them as suspicious transactions to the FIC.
- V. Competent authorities are encouraged to profile MVTs transactions on the international corridor that are cashed in known illicit mining areas.



CHAPTER 4: **AML SUPERVISION ACTIVITIES**

4.1 INTRODUCTION

The FIC Act has designated financial sector and DNFBP supervisors with responsibility to supervise entities they register or licence. The FIC is the supervisor of last resort of reporting entities for AML/CFT purposes. The FIC has continued to implement risk-based supervision focusing mostly on DNFBPs. This supervisory function is executed through on and off-site inspections, capacity-building initiatives such as training and awareness programmes, as well as the issuance of guidelines and regulatory directives to strengthen compliance.

4.2 ON-SITE INSPECTIONS

During the year 2025, the FIC undertook on-site and off-site inspections in accordance with section 5(3) (g) of the FIC Act.

Table 7 shows the number of inspections conducted between 2023 and 2025.

As depicted in the Table 7, the number of inspections increased from 28 in 2023 to 55 in 2024 before declining to 47 in 2025. The inspections were focused

Table 7: On-site inspections conducted between 2023-2025

Sector	No. of Entities 2025	No. of Entities 2024	No. of Entities 2023
Banking	5	4	1
Money or Value Transfer services	1	1	1
Real Estate Agents	4	3	7
Accounting and Audit Firm	10	14	-
Casino	4	4	15
Precious Stones and Metals	5	2	4
Legal Practitioners	18	26	-
Pensions and Insurance companies	-	1	-
Total	47	55	28

on legal practitioners due to heightened risks in context of the FIC's risk-based supervisory priorities. Further, the 2025 National Risk Assessment (NRA) for Zambia identified the legal practitioners sector as presenting a high money-laundering risk.

The identified risk drivers included inadequate implementation of AML/CFT/CPF requirements. The high-risk classification of the legal practitioners sector underscores the importance of maintaining effective AML/CFT/CPF supervision of the sector. In line with international best practice, the FIC has adopted a risk-based and proportionate approach to supervising legal practitioners.

4.3 OFF-SITE MONITORING ACTIVITIES

The FIC undertook monitoring activities across various sectors between 2023 and 2025, mainly through post-monitoring reviews and off-site monitoring. The total number of entities reviewed

declined from 416 in 2024 to 87 in 2025, compared to 294 in 2023, reflecting a more targeted supervisory approach. Earlier years saw higher activity in sectors such as legal practitioners and accounting firms, while bureau de change and casinos showed a gradual decrease over time.

In 2025, monitoring activities were more focused, with limited off-site reviews in selected sectors. Notably, the post-monitoring reviews conducted in 2025 were primarily follow-up activities on entities previously inspected, indicating an emphasis on assessing corrective actions and ongoing compliance. The table below depicts the monitoring activities conducted during the period 2023-2025.

Table 8: Monitoring activities conducted between 2023-2025

Sector	Supervisory Tool	2025	2024	2023
Money or Value Transfer Service	Post monitoring reviews	1	13	9
Bureau De Change	Post monitoring reviews	16	47	63
Real Estate Agents	Off-site monitoring	1	-	-
	Post monitoring reviews	-	32	14
Accounting and Audit firms	Off-site monitoring	-	-	24
	Post monitoring reviews	25	115	63
Casino	Post monitoring reviews	2	30	20
Precious stones and metals	Post monitoring reviews	-	13	13
Legal Practitioners	Off-site monitoring	-	-	13
	Post monitoring reviews	42	119	75
Non-Bank Financial Institutions	Off-site monitoring		36	-
Pensions and Insurance companies	Off-site monitoring		9	-
Virtual Asset Service providers	Off-site monitoring		2	-
Total Number		87	416	294

4.4 COMPLIANCE BAROMETER

The compliance barometer provides an overview of the level of technical AML/CFTP compliance across sectors supervised by the Centre, focusing on the existence of compliance programmes rather than their effectiveness. The 2025 assessment indicates that the banking sector continues to demonstrate the highest levels of compliance, with nearly all institutions having established AML/CFTP frameworks, albeit with some requiring improvements.

While sectors such as money or value transfer services and microfinance institutions also show relatively strong levels of compliance, DNFBPs including accounting firms, real estate agents, casinos, and legal practitioners continue to show notable gaps, with a significant proportion either having partially developed programmes or none at all. Additionally, emerging sectors such as virtual asset service providers show progress in programme development, though overall compliance levels remain uneven across sectors, highlighting the need for continued supervisory focus and capacity building.

The FIC observed an overall improvement in compliance levels among the banking sector, bureaux de change, microfinance, legal practitioners, and accounting firms in 2025 compared to 2024, as illustrated in figure 8 below.

Notwithstanding these improvements, certain sectors recorded a decline in technical compliance levels. This reduction may be attributed to registration/licensing of new entities that have not established and implemented adequate AML/CFT/CPF compliance programmes.

In light of the observation, there is a need for reporting entities to develop and implement AML/CFT/CPF compliance programmes as a prerequisite for initial licencing or renewal. This would ensure that newly registered entities meet the required technical compliance standards from the outset.

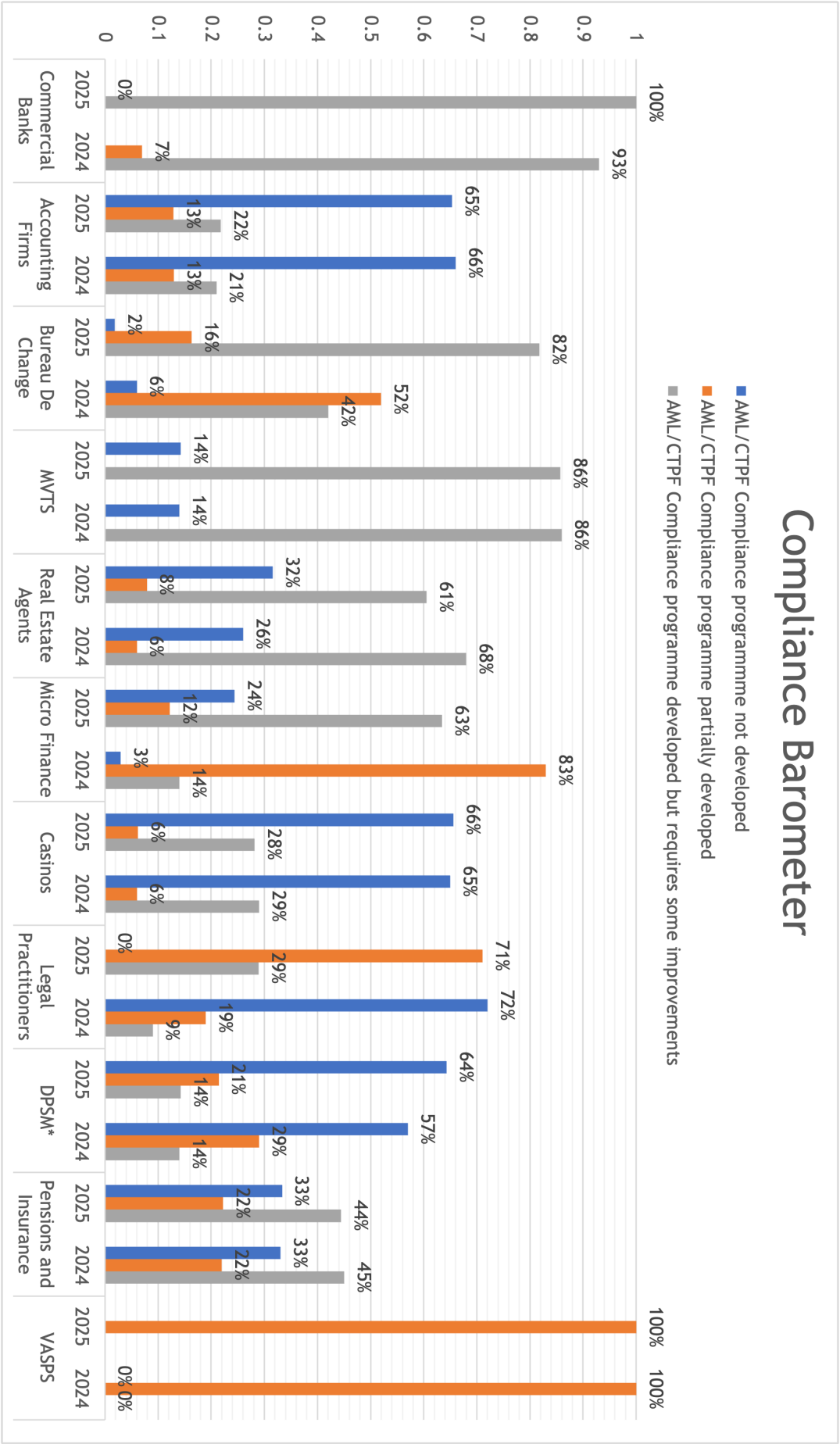
During the year 2025, the Centre noted the following deficiencies:

- Inadequate and incomplete AML/CFT/CPF Policies;
- None-adherence to freezing orders issued by the FIC;
- Non-reporting of STRs and CTRs;
- Lack of sanctions screening of customers;
- Inadequate risk assessments; and
- Lack of independent AML/CFTP audits.

4.5 TRAINING AND AWARENESS

During the period under review, the FIC conducted awareness activities for various stakeholders in the private and public sectors. A total of 2,055 individuals from reporting entities participated in awareness sessions. In addition, other engagements

Figure 8: Compliance Barometer 2024- 2025



were held with competent authorities, Members of Parliament, Senior Government officials, higher learning institutions and the public.

4.6 GUIDANCE

During the period under review, the FIC updated Guidelines on:

- i. Reporting suspicious transactions;
- ii. Conducting an Independent Audit of the AML/CFTP Compliance Program

Guidelines provide direction to reporting entities and accountable institutions on how to prevent and detect ML/TF/PF activities and comply with their AML/CFT obligations.

4.7 SECOND MONEY LAUNDERING /TERRORIST FINANCING /PROLIFERATION FINANCING NATIONAL RISK ASSESSMENT (NRA)

In the period under review, the FIC continued to coordinate the undertaking of National Risk Assessment (NRA) exercise. The NRA report was

approved by Cabinet and subsequently launched on 19th March, 2026 by the Attorney General of the Republic of Zambia. The conclusion of the NRA is a critical step in ensuring that Zambia's AML/CFTP measures are risk-based, evidence-driven and aligned with international standards. The results of the risk assessment have informed the review of the National AML Policy.

4.8 WILDLIFE CRIME PROJECT

In 2025, the Centre launched the Wildlife Crimes Project which is being undertaken with technical support and funding from Wildlife Crime Prevention (WCP). The objectives of the project are to enhance public-private collaboration in the fight against wildlife crimes, increase awareness efforts on the role of the private sector in detecting suspicious activity related to wildlife crimes and assess the role of the private sector in filing Suspicious Transaction Reports (STRs). The FIC during the period under review developed, tested and submitted questionnaires that would be used during the data collection process. The project is expected to be completed in June 2027.



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