

**ZAMBIA ELECTRONIC CLEARING HOUSE LIMITED**

**DIRECT DEBIT AND CREDIT CLEARING RULES**



# ZAMBIA ELECTRONIC CLEARING HOUSE LIMITED

## DIRECT DEBIT AND CREDIT CLEARING RULES

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## **PART I: GENERAL**

### **1 PURPOSE**

- 1.1 To establish the terms and conditions for the clearing and settlement of payment instruments and payment instructions through ZECH for participating participants of ZECH, for the governance of the operations of the ZECH and for matters incidental thereto.
- 1.2 These ZECH EFT Rules shall be an extension of and shall be read together with the ZECH General Rules as one document.
- 1.3 This Document is intended to help standardise the operations of the DDACC Payment Stream in line with the National Payment System Reform Programme and encourage the banking industry to take advantage of new business methods, technology, facilities offered by ZEHL and help remove redundant practices.
- 1.4 The intention of this document is to standardise DDACC and its application for all Service Providers.
- 1.5 The requirements detailed in this document are mandatory and are found in each appropriate section. In order to ensure rule clarity and avoid ambiguity the word 'shall' is used in the text.
- 1.6 The document is intended for Service Providers (Service Providers, Payers and Beneficiaries) and participation participants who are required to apply the rules of DDACC and operate within the set procedures as defined.
- 1.7 Reference to paying banks/financial institution's' procedures and responsibilities are for the Service Providers' information only.
- 1.8 Paying participant charges for direct debit or credit fall within the banker-customer terms and conditions of each paying participant and as such are outside the scope of these rules.
- 1.9 DDACC shall be used to collect amounts or make payments in Kwacha only within Zambia. participating participants shall not accept foreign exchange amounts for collection.

### **2 COMMENCEMENT**

With effect from 1st March, 2001 or as amended from time to time this document shall be referred to in the various aspects of electronic clearing of the Direct Debits and Credit Clearing (DDACC). No departure from these Rules shall be allowed. If in doubt as to interpretation or application of these Rules, contact the Bankers' Association of Zambia (BAZ) or the Zambia Electronic Clearing House Limited (ZEHL).

### **3 INTERPRETATION**

In these rules unless inconsistent with the context or subject matter of a particular clause, the words and phrases following shall have the meanings stated below:

#### **3.1 Acknowledgement**

Confirmation by the paying participant to a collecting participant that a lodged DDM has been accepted.

#### **3.2 Advance Notice**

The notice period (normally 14 working days) given to the Payer in respect of the date of debiting and the amount to be debited, in accordance with section 4.



- 3.3 **Amalgamation of Payments**  
Multiple or combined payments relating to more than one contract collected, under a single DDM.
- 3.4 **Head of Operations**  
The Controlling Officer of the ZECH.
- 3.5 **bank**  
A company authorised to conduct banking business in accordance with Banking and Financial Services Act, 2017.
- 3.6 **Bank**  
The Bank of Zambia established in accordance with the Constitution.
- 3.7 **BAZ**  
The Bankers' Association of Zambia.
- 3.8 **BOZ**  
The Bank of Zambia.
- 3.9 **BCR**  
Batch Control Record
- 3.10 **Business Day**  
Any day that is not a Saturday, Sunday or a Zambian national holiday.
- 3.11 **Closed Branch Advice Notice**  
A Notice generated by the paying bank when a sort code is marked closed. The Notice is sent to the Service Provider advising the Payer's new account details.
- 3.12 **Counter Claim**  
A claim raised by the Service Provider against the paying bank following settlement of an Indemnity Claim, which the Service Provider believes to be unjustified.
- 3.13 **Clearing**  
The exchange of Eligible Items by ZECH participating banks/participating financial institution.
- 3.14 **Clearing Centre**  
This is a centre from where each bank's electronic files are pooled for transmission to the ZECH.
- 3.15 **Clearing House Interface (CHI) Client**  
A Clearing House Interface (CHI) Client is a system that is supplied by ZECHL and enables a participant to connect to the ZECH system. It enables secure transmission of clearing files, checking of settlement positions for each current clearing session, transfer of non-clearing files, guest banking, messaging and reporting.
- 3.16 **Collecting Participant**  
A ZECH participant that sends Eligible Items through the ZECH
- 3.17 **Consolidated Net Settlement Position or CNSP**  
The sum of all Net Settlement Positions from all sessions reported to the Assistant Manager of the ZECH for Settlement.



- 3.18 **Consolidated Net Settlement Statement**  
The statement prepared by the ZECH of the participating banks' consolidated Net Positions to the Bank of Zambia for Settlement
- 3.19 **DDACC**  
Direct Debit and Direct Credit Clearing.
- 3.20 **DDM (Direct Debit Mandate)**  
The authority signed by the customer allowing the Service Provider to collect Direct Debit payments from the customer's account.
- 3.21 **Direct Credit**  
A direct credit is a credit transfer instruction sent by a payer to its bank requesting that a defined amount of funds be transferred to the account of the payee.
- 3.22 **Direct Debit**  
A Direct Debit is a pre-authorised debit on the payer's bank account using a DDM and is initiated by the payee.
- 3.23 **Direct Debit Guarantee**  
The assurance offered by the paying banks in respect of the DD specifying Payers rights / safeguards.
- 3.24 **Disaster Recovery Site**  
The Disaster Recovery (DR) site for the ZECH is in Ndola.
- 3.25 **EDF**  
Electronic Data File
- 3.26 **EFT**  
Electronic File Transfer
- 3.27 **EFTPOS**  
Electronic Funds Transfer Point of Sale.
- 3.28 **Eligible Item**  
Any Payment instrument (physical or electronic), which is permissible for exchange under these rules.
- 3.29 **Fixed Amount or Date DDM**  
A DDM where the amount to be collected is fixed with respect to amount and / or date.
- 3.30 **Financial Institution**  
A company, other than a bank, providing a financial service.
- 3.31 **Guest Bank**  
The Guest Bank facility on the CHI Client system is used by a participant to upload or download clearing files to and from the ZECH in the event a participant experiences a network failure and cannot connect to the ZECH system.
- 3.32 **Indemnity**  
A document which contains a legally binding undertaking by the Service Provider to make payment to a Paying Bank in response to an Indemnity Claim. An Indemnity, in standard form is an essential requirement of DD.



- 3.33 **Indemnity Claim**  
A claim made by the paying bank on a Service Provider in respect of an incorrect Direct Debit being applied to an account.
- 3.34 **Net Settlement Position**  
The balance arrived at (Net Credit or Net Debit), after offsetting all cleared Eligible items (inwards" clearing) on ZECH Member, against all cleared Eligible Items ("Outwards" Clearing) in respect of a designated net settlement session.
- 3.35 **NSS**  
Net Settlement Schedule
- 3.36 **Net Credit**  
A positive Net Settlement Position
- 3.37 **Net Debit**  
A negative Net Settlement Position
- 3.38 **Participant**  
A member of a payment system that has been designated by the Bank of Zambia and participants in the Interbank Clearing System at ZECH.
- 3.39 **Participating bank**  
A participating bank is a bank that directly participates in the Interbank Clearing and Settlement system or a bank that directly participates in the Interbank Clearing but settlement is through a settlement sponsor bank.
- 3.40 **Participating Financial Institution**  
A participating financial institution is a financial institution that directly participates in the Interbank Clearing but settles its settlement obligations through a settlement sponsor bank.
- 3.41 **Payer**  
The person who by signing a DDM has given authority for his account to be debited by the paying bank using DDACC.
- 3.42 **Payer's Branch**  
The paying bank holding the payer's account to be debited.
- 3.43 **Paying Bank Branch**  
The bank branch maintaining the payer's account to be debited.
- 3.44 **Paying Participant**  
With respect to any Eligible Item, the ZECH participant who is obliged to settle.
- 3.45 **Payment Date**  
The date when a Direct Debit is due to be debited to the payer's account in accordance with the DDM.
- 3.46 **Recalls**  
Recalls refers to files erroneously generated and initiated by the originating bank within the same session.
- 3.47 **Reference Number**



The number allocated by the Service Providers to each individual DDM which should be the customer account number with the Service Provider.

3.48 **Refund Request**

A claim made by the paying participant to request a refund from the Service Provider as a result of paying bank error.

3.49 **Reject/Rejected**

The refusal by the paying participant to accept a DDM lodged by the collecting participant.

3.50 **Re-presented Direct Debit**

A re-presented Direct Debit is a debit which has been previously returned unpaid by the paying bank and is represented by the Service Provider for collection.

3.51 **Reversal Files**

Reversal Files refers to files generated to correct erroneously generated and processed files that have to be reversed by the originating participant. Reversal Files shall be generated within 5 business days from the date of the corresponding erroneous files.

The ZECH system shall not validate reversal files that are sent after the stipulated 5 business days. A participant shall send Reversal files as per Clause 15.

The bank has the right to debit all funds wrongly credited to a customer's account, where the account is funded, including accrued interest thereon to correct the anomaly without obtaining a customer's prior authority.

3.52 **Returned Item**

Any Eligible Item returned by the paying or receiving bank to the collecting or presenting bank for any reason within the time, allowed.

3.53 **Service Providers**

These are customers of a participant who collect funds through the Direct Debit and Credit Clearing stream.

3.54 **Settlement**

The discharge of settlement obligations by participating banks through their current accounts held at the Bank of Zambia by either debiting or crediting their consolidated net settlement position.

3.55 **Settlement Instruction**

An instruction given to Bank of Zambia by a participating bank or by the ZECH to effect settlement of one or more payment obligations or to discharge any other obligation of one participating bank to another participating bank

3.56 **Settlement Obligation**

An indebtedness that is owed by one participating bank to another participating participant as a result of one or more settlement instructions

3.57 **Settlement Sponsor Bank**

A settlement sponsor bank is a bank that settles the settlement obligations on behalf of a participating participant.

3.58 **Settlement Sponsored banks/financial institution**

A participant whose settlement obligation is settled by a settlement sponsor bank

3.59 **Sponsor Participant**





A participant maintaining the Service Provider's account

**3.60 Undue Enrichment**

A financial benefit received by a participating participant resulting from errors in clearing or delays in providing cleared funds to a beneficiary.

**3.61 Unpaid Eligible Item**

An Eligible Item that is returned unpaid by the paying bank e.g. due to insufficient funds. It can be a cheque, debit voucher etc.

**3.62 Unpaid Direct Debit**

A Direct Debit that is returned unpaid by the paying bank, e.g. due to insufficient funds.

**3.63 Unpaid Direct Debit Reason Codes**

A series of codes used to denote the reason for returning a Direct Debit unpaid.

**3.64 Valid Mandate**

A mandate that has been duly authorized by the paying Participant on the ZECH System.

**3.65 ZECHL Participating Bank/Participating Financial Institution**

A bank or financial institution that has been allowed to directly participate in the Interbank Clearing in terms of these Rules.

**3.66 The ZECH**

The Zambia Electronic Clearing House is an interbank clearing facility operated by ZECHL.

**3.67 ZECHL**

Zambia Electronic Clearing House Limited, a limited liability company jointly owned by BOZ and BAZ established to conduct interbank clearing business.



## **PART II: DIRECT DEBIT AND CREDIT CLEARING (DDACC) OPERATIONS**

### **4 OVERVIEW OF DDACC**

#### **4.1 Introduction**

- 4.1.1 This section provides a high level overview of DDACC. It covers Direct Debits (DD) and Direct Credits (DC) and their management, how they are controlled, how they can benefit the Service Providers and a brief description of the processes involved.

#### **4.2 The Direct Debit**

- 4.2.1 The Direct Debit is an efficient way for organisations to collect regularly occurring payments from large numbers of customers. It is a method of collecting payments and banks are not responsible for any underlying contracts between the Service Provider and the Payer. The Direct Debit has benefits for all parties concerned in the cycle.
- 4.2.2 The DD can be used by insurance companies, charities, local authorities, public utilities, hire purchase companies, building societies, manufacturers, suppliers and a wide range of other organisations, which collect large volumes of payments.

#### **4.3 Direct Credit**

- 4.3.1 The Direct Credit (DC) is a system which enables the customer to make payments by electronic transfer directly into bank accounts. It is simple, secure and reliable and dramatically reduces the time and costs associated with traditional methods of payment processing.

#### **4.4 Eligible Items for DDACC**

- 4.4.1 Payments that may be made by direct debits/credits include:
- 4.4.1.1 Wages;
  - 4.4.1.2 Salaries;
  - 4.4.1.3 Pensions;
  - 4.4.1.4 Expenses;
  - 4.4.1.5 Payments to suppliers;
  - 4.4.1.6 Interest payments;
  - 4.4.1.7 VAT payments;
  - 4.4.1.8 Credit card refunds;
  - 4.4.1.9 Dividends;
  - 4.4.1.10 Savings plans;
  - 4.4.1.11 Money Transfer;
  - 4.4.1.12 Special Presentations;
  - 4.4.1.13 Mortgage and other loan repayments;
  - 4.4.1.14 Insurance and personal pension premiums;
  - 4.4.1.15 Rates and community charge instalments;
  - 4.4.1.16 Minimum amount due to credit card issuers;
  - 4.4.1.17 Subscriptions to large clubs and associations;
  - 4.4.1.18 Utilities (e.g. electricity, telephone, water, TV rental, rents, medical, schools);
  - 4.4.1.19 Equipment rental and maintenance;
  - 4.4.1.20 Dispersal credits – These are multiple credits originated by one customer to a number of different accounts at various banks e.g. monthly salaries by an employer;
  - 4.4.1.21 Third Party payments – These are payments of cash by a person across a bank's counter for the benefit of a third party holding an account with another participating participant;
  - 4.4.1.22 Standing orders issued by customers;



- 4.4.1.23 Standing orders from other participating banks/financial institution; and
- 4.4.1.24 Transactions from shared facilities including Automated Teller Machines (ATMs) and Electronic Funds Transfer Point of Sale (EFTPOS).

#### **4.5 The Benefits of DDACC**

##### **4.5.1 Benefits of Direct Debit**

- 4.5.1.1 The DD brings considerable cost saving advantages to the payments industry. The Direct Debit allows a Payer to authorise regular payments from payer's bank account. These amounts can vary by amount and date, as long as the Payer has been given adequate Advance Notice.

###### **4.5.1.1.1 The Benefits for the Service Provider:**

- 4.5.1.1.1.1 Reduced collection errors leading to better service quality.
- 4.5.1.1.1.2 Reduced administration costs.
- 4.5.1.1.1.3 Certainty of payments and improved cash flow.
- 4.5.1.1.1.4 Provides a database of regular Payers that can be used as an aid to marketing, planning and credit rating.
- 4.5.1.1.1.5 Increased take-up as costs can be spread across the year.

###### **4.5.1.1.2 The Benefits for the Payer:**

- 4.5.1.1.2.1 An easy and convenient payment method.
- 4.5.1.1.2.2 Ensures that payments are made on time.
- 4.5.1.1.2.3 Direct Debit can help with budgeting by spreading payments over time.
- 4.5.1.1.2.4 Attracts discounts and incentives from many Service Providers.
- 4.5.1.1.2.5 Direct Debit protects the interests of the Payer with a guarantee. The Direct Debit Guarantee provides assurance to the Payer that any monies debited in error shall be immediately refunded by the Payer's bank. Advance Notice shall be given if the terms of the payment change and the Payer may cancel a Direct Debit Mandate (DDM) at any time.

##### **4.5.2 Benefits of Direct Credits**

- 4.5.2.1 The cost of cheques is eliminated.
- 4.5.2.2 Reduced administration costs: preparation and checking of cheque payments can be a time-consuming task for both staff and management.
- 4.5.2.3 There is no need to track individual payments as they are cleared through the banking system. This helps with reconciliation.
- 4.5.2.4 It improves cash flow because the Payer remains firmly in control of payment schedules having specified the exact date on which payments are debited to their account, and can easily change that decision up to the point of transmission.
- 4.5.2.5 It offers greater security as it reduces fraud and theft and provides the safest and most reliable way to make payments.
- 4.5.2.6 It reduces all the security risks and costs associated with collection or delivery of cash or of storing it on premises.

#### **5 THE ZECH FACILITY**

- 5.1 The ZECH shall provide the facility to effect small value electronic payments through Direct Debits and Direct Credits for values not exceeding the following thresholds, or as decided by BOZ from time to time:

- 5.1.1 K500,000.00 for Direct Credits.
- 5.1.2 K75,000.00 for Direct Debits.



**5.2 Direct Debit Mandate Module**

5.2.1 ZEHL shall provide a centralized Direct Debit Mandate (DDM) module that will hold and validate all the DDMS that customers sign up with Direct Debit (DD) Service Providers. A DD Service Provider shall submit duly-signed DD mandate to the Collecting Bank. The Collecting Bank shall submit the DD mandate to ZEHL through the CHI Client. The Paying Bank shall action the DD mandate at ZEHL through the CHI Client.

5.3 The electronic payments in Clause 4.4 shall be transmitted on-line or exceptionally delivered on media acceptable removable storage media directly to ZEHL accompanied by a letter.

**5.4 DDACC Clearing Sessions and Settlements**

5.4.1 There shall be a minimum of four DDACC clearing and settlement sessions daily as prescribed in SCHEDULE I – ZEHL CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES. The clearing and settlement sessions may be increased to a maximum of twelve.

5.4.2 Presenting banks shall present or transmit DDACC files to the ZEHL at the designated times for each clearing session shown in SCHEDULE I – ZEHL CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.

5.4.3 The ZEHL shall conduct clearing sessions and transmit the consolidated net settlement positions of the participating banks to bank of Zambia by the designated times shown in SCHEDULE I – ZEHL CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.

5.4.4 The Bank of Zambia shall effect settlement of the consolidated net settlement positions of the ZEHL participating bank/ financial institution at the times designated in SCHEDULE I – ZEHL CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.

5.4.5 All DDACC transactions transmitted or delivered to the ZEHL shall be for value at times designated in SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES.

**5.5 Processing of DDACC Files by ZEHL**

5.5.1 Each participant shall be allocated a directory on the ZEHL database controller through which it shall communicate with the ZEHL.

5.5.2 The DDACC Input File shall be transferred to ZEHL participating participant's interface directory for processing and the resulting DDACC Output File shall be created by ZEHL in this directory for retrieval by ZEHL participating participant.

5.5.3 Subsequent to loading the file onto the system by ZEHL each participating participant shall confirm its transmission of each file to the ZEHL.

5.5.4 All ZEHL participants will receive DDACC files.

**5.6 ZEHL Obligations on Receipt of a DDACC Input File from the Presenting Participant**

5.6.1 ZEHL shall check for online transmission of the Electronic Data Files.

5.6.2 ZEHL shall carry out a standard validation of the DDACC Input File as follows:

5.6.2.1 Check that all fields are in the prescribed DDACC format (Refers to APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES).

5.6.2.2 ZEHL shall validate the Electronic Data File to ensure its format is compliant with the one described in APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES.

5.6.2.3 Check that the Bank code component in the bank sort code is for a valid bank.

5.6.2.4 Check that the transaction code is valid.

5.6.2.5 Validation of the DDACC file shall be at the control level and shall comprise validating the file type and the business date for which the items are being presented.

5.6.2.6 All batches of electronic credits and debits included in the file shall be validated for correctness of content and interface details. They shall also be validated to ensure that credit and debit information as well as control totals reconcile.



- 5.6.2.7 Where any batch in a file fails validation the entire file shall be rejected and none of the transactions shall be included in the determination of the net-settlement position.
- 5.6.2.8 Any file that fails this basic validation shall be rejected in its entirety at the point of failure. A file may also be rejected for the following reasons:

- 5.6.2.8.1 Non ASCII format.

- 5.6.2.8.2 Non-compliance with the transaction field and content format.

- 5.6.2.8.3 Item total differs from the total in the VCRs and Trailer or the calculated total value of the transactions differs from the total value in the VCRs and Trailer

- 5.6.2.9 ZECH shall validate a Direct Debit transaction against a valid mandate.

- 5.6.2.10 ZECH shall reject a Direct Debit transaction that shall not be supported by a valid mandate.

- 5.6.3 Where there are errors or omissions, the ZECH shall reject the file and advise the sending participant accordingly through error messages on the CHI Client.

- 5.6.4 ZECH shall advise the presenting bank and return the rejected file.

- 5.6.5 ZECH shall not undertake corrections to the files.

- 5.6.6 Where there are no errors or omissions, the ZECH shall receive the Electronic Data Files and distribute them to the bank(s)/financial institution(s) as well as store them for settlement.

- 5.6.7 Where the file is successfully validated by ZECHL, each transaction in the electronic batch shall be processed and distributed to a destination file (the DDACC Output File) for its account holding ZECH participating participant.

- 5.6.8 At the end of the clearing process, all transaction-files and report files shall be made available for access by the account holding ZECH participating participant only in the respective directory.

- 5.6.9 After distributing all EFT Electronic Data Files for the clearing session, ZECH shall generate the Net Clearing Positions.

- 5.6.10 The ZECH shall archive all data.

- 5.6.11 The ZECH shall backup all databases.

## **5.7 EFT Net Settlement Positions**

- 5.7.1 DDACC Eligible Items shall be cleared and settled separate from CIC.

- 5.7.2 The DDACC net clearing positions shall be maintained separately from other clearing positions by the ZECH consolidated across ZECH participating participants and the Net Settlement Positions transmitted to Bank of Zambia for settlement.

- 5.7.3 The ZECH shall generate the net EFT positions for all sessions.

- 5.7.4 The ZECH shall generate the following electronic reports:

- 5.7.4.1 NSP for transmission to Bank of Zambia.

- 5.7.4.2 NSP for each ZECH participating participant.

## **5.7.5 Notification of Net Settlement Positions**

- 5.7.5.1 The ZECH shall notify the participating bank's/financial institution(s) designated office at the participating bank's Head Office of the Net Settlement Position.

## **5.7.6 Settlement of DDACC Net Clearing Positions by Bank of Zambia**

- 5.7.6.1 ZECH shall transmit DDACC net settlement to Bank of Zambia via RTGS, where funds are available to cover the net settlement positions, effect settlement within the settlement times as stipulated in SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES and advise the ZECH of the settlement.

- 5.7.6.2 ZECH shall advise electronically by on-line transmission or external storage media the beneficiary banks and the paying banks of the confirmed settlement.



## **6 SENDING PARTICIPANT'S RESPONSIBILITIES**

### **6.1 Sending Direct Credits**

The sending participant shall exercise the following responsibilities with respect to Direct Credit transfer instruction:

- 6.1.1 Validate the name and account number for the customer initiating the remittance;
- 6.1.2 Exercise a duty of care on customer instructions to transfer funds through DDACC to the credit of an account at another bank;
- 6.1.3 Ensure that Electronic Data Files do not include Direct Credit transactions above the amount prescribed by the Bank before transmission and/or delivery to the ZECH;
- 6.1.4 Ensure that the Direct Credit transfer instruction is time-date stamped when received at the participant for processing;
- 6.1.5 Process funds instructions in line with the service standards;
- 6.1.6 Publish the bank branch sort codes for the customers' use;
- 6.1.7 Sensitise the customers on proper account conduct; and
- 6.1.8 Endeavour to resolve the customer's complaint within 7 business days as per APPENDIX VII – COMPLIANT PROCEDURE.

### **6.2 Sending Direct Debits**

The sending participant shall exercise the following responsibilities with respect to Direct Debit:

- 6.2.1 Give all Direct Debits value at times specified in SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES;
- 6.2.2 Ensure to forward a duly completed direct debit mandate to paying bank on behalf of the service provider;
- 6.2.3 Ensure that prior to sending a Direct Debit transaction to ZECH, a DDM from the customer has been duly authorized on the ZECHL system by the paying bank;
- 6.2.4 Ensure that Electronic Data File do not include direct debit transactions above the amount prescribed by the Bank before transmission and/or delivery to the ZECH;
- 6.2.5 Ensure to send the Direct Debit file to the paying bank on the respective due date; and
- 6.2.6 Ensure that only valid Direct Debit transaction is sent to the paying bank as prescribe in APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES.

### **6.3 Preparation of DDACC Files by Presenting Participants**

- 6.3.1 The presenting banks shall ensure that DDACC files and instructions conform to the formats and specifications contained in APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES.

#### **6.3.2 DDACC Input File**

- 6.3.2.1 The DDACC Input File shall be transmitted on-line to the ZECH or exceptionally delivered on acceptable removable storage media accompanied by a letter from the bank delivering the file. The files shall be used by the ZECH to calculate the DDACC net-settlement positions and for the generation of the DDACC output Files for each bank.

- 6.3.2.2 The contents of the records shall be fields of ASCII coded text. The format of each record in the file depends on the specific record type and its transaction code. The file shall be in Binary/Fixed Length file format containing the following:

- 6.3.2.2.1 Header Record
- 6.3.2.2.2 Voucher Control Records
- 6.3.2.2.3 DDACC transactions
- 6.3.2.2.4 Trailer Record

- 6.3.2.3 A DDACC file shall contain one batch only and the batch shall contain either credits or debits only but not both.



- 6.3.2.4 Where a file has transactions exceeding the specified limits it will be rejected with answer 'Batch items exceed set limit'.
- 6.3.2.5 The transactions in the batch shall be in balance with the VCRs and Trailer. Where the VCRs and Trailer is out of balance the file shall be rejected by the ZECH and returned to the Originating Bank for correction. The ZECH participating participant shall correct and retransmit or deliver the file to ZECH.
- 6.3.2.6 It shall be the responsibility of each presenting bank to ensure that data files transmitted or delivered to ZECH are complete and accurate in all aspects.
- 6.3.2.7 The presenting bank shall confirm the validity of the DDACC file, which is extracted for each captured batch at ZECH.
- 6.3.2.8 The presenting bank shall upon receipt of the "Validation File" verify the file contents, rename the file and re-transmit it to the ZECH to indicate that the DDACC Input File is valid.

#### **6.4 Transmission of Electronic Data Files**

- 6.4.1 The DDACC Input File may be transmitted on-line to the ZECH or exceptionally delivered on acceptable removable storage media accompanied by a letter.
- 6.4.2 DDACC Input Files shall be in a prescribed format (Refer to APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES). Only the presenting participant and the ZECH shall have access to a presenting bank's interface directory.
- 6.4.3 Electronic data files shall be delivered or transmitted to the ZECH at the designated times stated in SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.
- 6.4.4 The Electronic Data File shall be encrypted using the encryption software specified by the ZECH and be transmitted electronically or exceptionally delivered on a corrupt-free acceptable removable storage media. If delivered on removable storage media, a letter signed by an authorised participant signatory shall accompany this. The removable storage media and the letter shall be placed in a sealed envelope.
- 6.4.5 The electronic data file shall be transmitted electronically using the CHI Client via dedicated network and exceptionally by external storage media in the event of a network failure.
- 6.4.6 The participant's representative shall deliver the external media to the ZECH or the nearest participant under exceptional circumstances when there is a network failure. The outward files shall be encrypted to disk using the CHI Client before they are delivered to the ZECH or the nearest participant for Guest-Banking.
- 6.4.7 At the ZECH or the nearest participant, the encrypted outward files will be upload to ZECH using the Guest Bank facility on the CHI Client.
- 6.4.8 Each ZECH participant shall advise the ZECHL in writing of the level of authority given to each representative in respect of the delivery and the collection of files and reports.

#### **6.5 Notification of Net Settlement Positions**

- 6.5.1 The ZECH shall notify the participant's designated office of the Net Settlement Position through the CHI Client.

### **7 RECEIVING/PAYING PARTICIPANT RESPONSIBILITIES**

- 7.1 The receiving/paying bank shall be responsible for downloading and collecting the electronic files, documents and reports from ZECH folders.
- 7.2 The electronic files for Inward Eligible Items shall be retrieved from the ZECH by an Authorised paying bank officer(s) as specified in the EFT guidelines.

#### **7.3 The Receiving Participant's Obligations on Receipt of Credits Via DDACC**





The responsibilities of the participant shall include the following:

- 7.3.1 Validate that the beneficiary's account name and account number are correct;
- 7.3.2 Credit the customer's account in respect of the credit(s) received via each DDACC settlement at times designated in SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES;
- 7.3.3 Apply credit to the customer's account in line with the service charter;
- 7.3.4 Failure by the receiving bank to give same day value to a customer shall result in penalties provided for under the undue enrichment provisions in these rules; Clause 16.
- 7.3.5 Reverse all wrongly credited amounts from the customer's account as soon as the anomaly is discovered to without obtaining authority from the customer.
- 7.3.6 Publish the bank branch sort codes for the customers' use.
- 7.3.7 Provide electronic notification to the customer to track all activities on the account.

#### **7.4 Unapplied Direct Credits**

- 7.4.1 Wrongly cleared credits shall be returned through the ZECH immediately for the next available settlement session.
- 7.4.2 Where claims are excluded they can only be presented direct, and with the paying participant's consent, or be held over to the next day.
- 7.4.3 The participants shall ensure that credits received with incorrect account numbers are not applied. No manual intervention shall be used to make any corrections.
- 7.4.4 If it is not possible to apply a credit to an account due to, for example, the beneficiary being deceased or account transferred, the item shall be returned to the Originator's account in accordance with SCHEDULE V – RETURN REASON CODES.
- 7.4.5 The receiving participant shall return the unapplied credit to the Originator via the ZECH and give appropriate information why the credit was unapplied. The participant shall return the credit to the Originator's participant together with a consolidated report giving reasons for returning each unapplied credit. An Unapplied Direct Credit shall be returned to the Originator's account within 24 hours.
- 7.4.6 Unapplied Credits shall be sent back with return reason codes as detailed in SCHEDULE V – RETURN REASON CODES.

#### **7.5 Paying Participants' Obligations on Receipt of a Direct Debit for a Customer's Account**

The responsibilities of the participant shall include the following:

- 7.5.1 Prior to accepting a Direct Debit from ZECH, each paying participant shall have a valid mandate in the ZECH system for the customer to accept that debit.
- 7.5.2 Prior to accepting a Direct Debit each paying participant shall have in its possession a valid indemnity from the beneficiary's bank with respect to all debit instructions issued to the paying participant.
- 7.5.3 The collecting participant, which is the banker to the payee (beneficiary) of a direct debit, shall indemnify the paying participant against any erroneous debits. The effect of the indemnity shall be that where a paying participant notifies the payee's participant of the erroneous debit, the payee's participant shall credit the paying participant within two business days the proceeds of the direct debit.
- 7.5.4 Processing and determining the fate of items presented to it by the collecting participant for settlement.
- 7.5.5 Accept Direct Debits originated under the DDM upon the understanding that it shall verify or check that the payment conforms to the terms of the DDM.
- 7.5.6 Quote the appropriate return reason code on the electronic record the standard reason for return of the EFT Eligible Item.
- 7.5.7 Use only the answers listed in the Schedule of Standard Answers for returning Eligible Items, Unpaid and Unapplied (Returned Items) (see APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS).





- 7.5.8 Not re-present for payment through the ZECH an unpaid item returned with answer "Refer to Drawer".
- 7.5.9 Re-present for payment through the ZECH an unpaid item returned for technical reasons.
- 7.5.10 Collect and remit regulatory penalties when a customer bounces a Direct Debit transaction due to insufficient funds.
- 7.5.11 Withdraw the Direct Debit facility where a customer bounces a Direct Debit transaction three times within twelve consecutive months starting from the first bounced direct debit transaction.
- 7.5.12 Report a customer that bounces a Direct Debit transaction to the Credit Reference Bureau in line with the National Payment Systems Directive on unpaid cheques and direct debit transactions.

## **7.6 Unpaid Items**

- 7.6.1 The paying participant shall quote the appropriate return reason code on the electronic record the standard reason for return of the EFT Eligible Item.
- 7.6.2 Only answers listed in the Schedule of Standard Answers for returning Eligible Items, Unpaid and Unapplied (Returned Items) shall be used (see APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS).
- 7.6.3 A returned unpaid item for technical reasons may be re-presented for payment through the ZECH.
- 7.6.4 The paying bank shall verify payment details contained in the electronic journals accompanying the image files and ensure that the details match. The paying bank shall also quote the appropriate return reason code on the electronic record.

## **7.7 Handling of Unpaid Items**

- 7.7.1 Any unpaid item shall be returned as prescribed under SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES and shall contain the reason code and date through the ECH.
- 7.7.2 The maximum time limits for return and receipt by the collecting participant's branch of the Unpaid Eligible Items (business days from date the Eligible Item is interchanged through the local ECH to the paying participant in terms of SCHEDULE IV - MAXIMUM CHARGES AND FEES) shall apply.
- 7.7.3 The paying participant shall use SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES in determining the maximum time limits for return.

## **7.8 Eligible Items Inadvertently Paid**

- 7.8.1 Paying Banks shall not return an Eligible Item after the time limit for returned items has expired.
- 7.8.2 The only exception to Clause 7.8.1 above is when in the determination of both the paying and the collecting participating banks'/financial institutions' Head Offices there is a clear link based on fraud between the accounts maintained by both participating banks'/ financial institutions.

# **8 CUSTOMER RESPONSIBILITIES**

## **8.1 Requesting for Direct Credits**

The responsibilities of a customer requesting for a Direct Credit transfer shall include the following:

- 8.1.1 Ensure that the account is adequately funded for the Direct Credit transfer to be effected.
- 8.1.2 Ensure that the Direct Credit transfer instruction is time-date stamped when delivered to the bank.
- 8.1.3 Ensure that the following details in the Direct Credit instruction are correct:

### **8.1.3.1 Customer identification details:**

- 8.1.3.1.1 Surname (if individual) or registered name of entity.



- 8.1.3.1.2 First name(s) (if individual).
- 8.1.3.1.3 Identification number (NRC, Passport, PACRA Number, TPIN or the Service Provider Account Number of the service provider's system (e.g. Napsa, LWSC, Zesco or DSTV etc).
- 8.1.3.1.4 Bank account number (13 digits).
- 8.1.3.1.5 Phone number.

#### 8.1.3.2 **Beneficiary's bank details:**

- 8.1.3.2.1 Beneficiary's full names.
- 8.1.3.2.2 Beneficiary's bank account number (13 digits). It is the responsibility of the customer who initiated the remittance to ensure that the beneficiary's account number is correct.
- 8.1.3.2.3 Beneficiary's bank name.
- 8.1.3.2.4 Beneficiary's branch name or sort code.

#### 8.1.3.3 **Transaction details:**

- 8.1.3.3.1 Kwacha amount to be transferred (both figures and words).
- 8.1.3.3.2 Description of the transaction.
- 8.1.3.3.3 Date of transaction being paid for (Month and Year).

- 8.1.4 Be honest and conduct sincere dealings on the bank account.
- 8.1.5 Subscribe to receive electronic notifications to track transactions.
- 8.1.6 Have the right to query funds that are not processed as per APPENDIX VII – COMPLIANT PROCEDURE.

### 8.2 **Requesting for Direct Debits**

The responsibilities of a customer requesting for a Direct Debit transfer shall include the following:

- 8.2.1 Not to sign up for Direct Debit arrangement if the financial position does not support the standing order arrangement. Note that bouncing of Direct Debit arrangement attracts penalties in accordance with the National Payment Systems Act. In line with the National Payment Systems Directives on Cheques and Direct Debit (Issued on Insufficiently Funded Accounts) 2010, the bank shall:
  - 8.2.1.1 Charge a penalty on the account for every bounced Direct Debit instruction.
  - 8.2.1.2 Submit the account details to the Credit Reference Bureau for every bounced Direct Debit transaction; and
  - 8.2.1.3 Withdraw the Direct Debit mandate arrangement where a Direct Debit transaction bounces three times in twelve consecutive months.

### 8.3 **Receiving/Beneficiary Customer**

- 8.3.1 The responsibilities of a customer receiving a Direct Credit transfer shall include the following:
  - 8.3.1.1 Provide correct details of the account to the sender/payer.
  - 8.3.1.2 Be honest and conduct sincere dealings on the bank account.
  - 8.3.1.3 Not withdraw funds that may have been wrongly credited to their account. The customer shall report to the bank on such funds immediately.
  - 8.3.1.4 Subscribe to receive electronic notifications to track all activities on their accounts.

## 9 **ERRONEOUS DIRECT DEBIT**

- 9.1 A Direct Debit shall be deemed erroneous where:



- 9.1.1 There were changes in the amount of the debit or the collection dates and these changes were not notified, 14 days in advance, to customer.
- 9.1.2 The customer has cancelled the direct debit by written notification to the paying bank.
- 9.2 Where an erroneous debit has been notified to the paying bank by the customer, the paying bank:
  - 9.2.1 Shall not make an immediate refund of the incorrect debit notified by the customer.
  - 9.2.2 Shall immediately make a claim against the indemnity.
- 9.3 Such a claim shall state:
  - 9.3.1 The paying bank
  - 9.3.2 The name and account number of the customer.
  - 9.3.3 The payee, amount and date of the Direct Debit.

## 10 UNPAID DIRECT DEBITS

### 10.1 Unpaid Direct Debits fall into 3 categories:

- 10.1.1 When the paying bank is giving advice of change of circumstances to the DDM or the Payer's account to the Service Provider, e.g. Mandate cancelled.
- 10.1.2 Where the Payer disputes the due date, amount or frequency of a Direct Debit either following receipt of an advance notice or as a result of an outstanding dispute with the Service Provider, e.g. Date not due. The Service Provider has the option to re-present an unpaid Direct Debit to the paying bank for settlement.
- 10.1.3 Where the paying bank is referring the payment back to the Service Provider as notification of non-payment e.g. Date not due. The Service Provider has the option to re-present an unpaid Direct Debit to the paying bank for settlement.
- 10.2 When the Paying Bank does not pay a Direct Debit it shall be returned unpaid to the Service Provider on the day of presentation or exceptionally on the following working day.
- 10.3 The Paying Bank shall immediately advise the collecting bank of a dishonoured Direct Debit by way of a DDACC counter debit no later than the first DDACC session of the following day.
- 10.4 Direct Debits may be returned unpaid by the paying bank when:
  - 10.4.1 The paying bank gives advice to the Service Provider of change of circumstances to the DDM (e.g. Mandate cancelled).
  - 10.4.2 A Payer disputes the due date, amount or frequency of a Direct Debit.
  - 10.4.3 The paying bank is referring the payment back to the Service Provider as notification of non-payment (e.g. 'Date not due').
  - 10.4.4 An unpaid Direct Debit shall be debited from a Service Provider's account as prescribed under SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES.
  - 10.4.5 Unpaid Direct Debits shall be sent back with appropriate transaction code as per SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES of these Rules.
- 10.5 **Maximum number of times a Direct Debit will be unpaid:**
  - 10.5.1 A Direct Debit shall be returned unpaid not more than once before the next due date.
  - 10.5.2 Where a Direct Debit has been returned unpaid for 3 times within twelve consecutive months starting from the first bounced direct debit transaction, the paying participant shall immediately cancel the DDM and advise both the Payer and the collecting participant. The collecting participant will then inform the Service Provider.
  - 10.5.3 Where the Paying Participant fails to comply with Clause 10.5.2 above, the Paying Participant shall liable to a penalty as stipulated in section 43 of the National Payment Systems Act, 2007.



## **11 REASONS FOR RETURN**

- 11.1 A Direct Debit shall only be returned unpaid with the appropriate reason codes detailed in SCHEDULE V – RETURN REASON CODES.
- 11.2 The reason codes are subject to review and a Service Provider should take this into account when designing its system.
- 11.3 The Service Provider shall receive details of the unpaid Direct Debit and the reason for return from the collecting bank.
- 11.4 Paying banks' returned unpaid Direct Debits shall be processed via the ZECH.

## **12 TIMELY RETURN OF UNPAID DIRECT DEBITS**

- 12.1 A Direct Debit shall be paid, or returned unpaid by the paying participant on the day of presentation or exceptionally the following business day as prescribed under SCHEDULE II – DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES
- 12.2 A Direct Debit shall be returned unpaid by the paying participant under the following circumstances:
  - 12.2.1 Lack of funds.
  - 12.2.2 Payment has been stopped by the Payer at any time not later than four business days before the payment date.
  - 12.2.3 The account has been closed.
  - 12.2.4 The Payer's Mandate has been determined, e.g. death.
  - 12.2.5 Lodgement of an arrestment or garnishee no later than close of business on due date.
  - 12.2.6 Any other valid reasons as specified in SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.
- 12.3 Banks can only accept returns if they match original Direct Debits submitted under the current processing cycle and which are received as specified in the ZECH EFT Rules.
- 12.4 Service Providers shall seek advice from their bank in the event of any queries.
- 12.5 An unpaid Direct Debit shall be debited from a Service Provider's account immediately.

## **13 BILATERAL COLLECTION OF AN UNPAID DIRECT DEBIT**

- 13.1 Where a debit has been previously returned unpaid by the paying participant, the Service Provider shall make other arrangements directly with the Payer for collecting the amount due before the next due date.

## **14 RECALL OF ERRONEOUSLY GENERATED EFT FILES**

- 14.1 The originating bank may erroneously send an EFT file to the ZECH. To resolve such anomalies, the originating bank shall recall such erroneous file.
- 14.2 The originating bank shall perform a Recall procedure to recall the erroneous file. The Recall procedure shall only recall the entire file and initiated within the same session.
- 14.3 Where a Recall procedure is performed:
  - 14.3.1 No formal notification shall be sent to the destination bank before initiating a recall procedure.
  - 14.3.2 The originating bank shall send a recall notification to ZECH via the messaging facility informing them of the action taken.
  - 14.3.3 The recall procedure shall not affect the destination Bank i.e. the Destination Bank shall not receive any file from the Collecting Bank or ZECH.

## **15 REVERSAL OF ERRONEOUS DIRECT CREDIT FILES/TRANSACTIONS**



- 15.1 The originating participant may erroneously send or duplicate an EFT file or transaction to another bank. To resolve such anomalies, the originating participant shall reverse such erroneous files or transactions by sending reversal files to the destination participant via the ZECH.
- 15.2 The Reversal File shall be initiated by the Originating Bank any time after the close of a particular session to reverse the entire file or only the affected transactions.
- 15.3 Where a Reversal File or Reversal Transaction is generated:
  - 15.3.1 The reversal file/s or transaction/s shall be sent within 5 days.
  - 15.3.2 After 5 days, formal notification is required (letter, phone, email or fax) shall be sent to the destination participant and ZECH before sending the correcting file or Transaction.
  - 15.3.3 Where the originating participant reverses the entire file, the Reversal File shall contain the exact details of the transactions in all respects as the Original file except the File Type in the Header Record (HR).
  - 15.3.4 Where the originating participant reverses a transaction, the Reversal file shall contain the exact details of the Original transaction in all respects with the appropriate EFT Reversal File Type code in the HR.
  - 15.3.5 An EFT file and its corresponding EFT reversal file shall not participate in the same interim clearing session.
  - 15.3.6 Where the account holder has insufficient funds, the receiving bank shall:
    - 15.3.6.1 Accept EFT reversal file/s or transaction/s sent to them in order to fulfil the reversal.
    - 15.3.6.2 Payee's participant shall contact the customer for possible recovery of the funds.
    - 15.3.6.3 If all attempts to have the customer fund his/her account fail within one month, the payee's participant shall write to CRB about the customer and advise other banks on KYC and copy BOZ Bank Supervision.
    - 15.3.6.4 The payee's bank shall report the account holder to the police.
    - 15.3.6.5 Advise the Fraud Prevention and Security Committee and Legal Committee of BAZ Tech on the customer that has failed to pay back.
- 15.4 Where a originating participant has erroneously sent or duplicated a DC, the erring originating participant shall reimburse the paying customer as soon as the error is identified or notification is given.

## **16 COMPENSATION FOR UNDUE ENRICHMENT**

### **16.1 Bank to Bank**

- 16.1.1 A participant which benefits and is unduly enriched resulting from EFT debits or duplicates on EFT which puts the other participant in a position where they use their own money or they need to borrow to cover their position at BOZ, shall compensate the ZECHL participant that suffered financially as a result.
- 16.1.2 The participant that has suffered loss shall notify the collecting participant of the EFT debits or duplicates on EFT in writing. In case of a dispute, the matter shall be determined in accordance with Section 17 – Dispute Resolution of these Rules.
- 16.1.3 The paying participant shall send the Direct Debit file or files or settle their obligation through bilateral clearing.
- 16.1.4 The amount of damage for undue enrichment shall be computed by applying interest to the principal value of the funds incorrectly received. The interest shall be calculated daily by applying the Bank of Zambia Policy Rate at the date of the 'return item' and for each day the error or errors benefited or enriched the ZECH participant. The damages shall be paid to the participant who suffered financially.



## 16.2 Bank to Customer

- 16.2.1 Subject to Rule 16.2.4, a receiving participant that fails to credit the customer as per SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES of these Rules shall be liable to pay the beneficiary interest.
- 16.2.2 A collecting participant shall pay interest to its customer where it delays in crediting the customer's account with proceeds credited to the participant's account at Bank of Zambia in respect of a EFT transaction.
- 16.2.3 The sending participant shall pay interest to a customer where it receives payment from the customer to effect a transfer via EFT and delays the transfer of such funds as per Clause 18.1 of these Rules.
- 16.2.4 The interest in respect of an EFT transaction shall be calculated daily by applying the Bank of Zambia Policy Rate prevailing at the date of the delay. This rate will apply each day the value of funds is delayed.

## 16.3 Customer to Bank

- 16.3.1 Where a participant duplicates an EFT credit file or files, it shall notify the collecting participant of the duplicate by way of a telephone to be followed a letter
- 16.3.2 The paying participant shall send the Direct Debit file or files subject to availability of funds in the customer's account
- 16.3.3 Where the Direct Debit File or Files has been sent to the collecting participant and there are no funds in the customer's account, the collecting participant shall return the file or files and settlement shall be done bilaterally.

## 17 DISPUTE RESOLUTION

- 17.1 Where any dispute arises between participants, the participants shall in the first instance attempt to settle the dispute by mutual agreement within seven days of the aggrieved party notifying the other party of such grievance.
- 17.2 Where the parties fail to settle the dispute by mutual agreement, the aggrieved party may submit the relevant facts to ZECHL for the interpretation of the rules and guidance. Should the parties fail to agree to accept the guidance/recommendation provided by ZECHL to amicably resolve the issue, then the matter will be referred to the BAZ Technical Committee for further consideration. The recommendation however, shall not be binding upon any party to the dispute, unless all parties have so agreed in writing. Should the dispute not be resolved at this stage, the matter shall be referred to the BAZ Main Committee who may appoint an Adjudicator as provided for in the Banking Code of Practice of Zambia.
- 17.3 Where the dispute remains unresolved, the aggrieved party may refer the dispute to arbitration in accordance with the Arbitration Act.

## 18 PENALTIES

### 18.1 Delayed Credit

- 18.1.1 Delayed credit is defined as a collecting participant's late giving of value and/or late crediting to a customer by a receiving participant. Where it is established that a participant failed to meet this requirement, BOZ shall charge the defaulting participant in accordance with

SESSIONS	PROCESSING TIME	A SERVICE PROVIDER SHALL SUBMIT VALID INSTRUCTIONS BY	PAYING CUSTOMER'S ACCOUNT AT THE RECEIVING BANK TO BE DEBITED NO LATER THAN*	SERVICE PROVIDER'S ACCOUNT TO BE CREDITED IRREVOCABLY BY THE COLLECTING BANK NO LATER THAN
One	08:00 to 09:30 hours	09:00 hours	10:30 hours	16:00 hours



Two	Up to 11:30 hours	11:00 hours	12:30 hours	10:30 hours next business day
Three	Up to 14:00 hours	13:30 hours	15:00 hours	10:30 hours next business day
Four*	Up to 15:00 hours	Not applicable	Not applicable	Not applicable

\*A paying customer shall ensure that sufficient funds are provided on the respective account on the due date



- 18.1.2 SCHEDULE III – ZECHL MAXIMUM CHARGES of these rules. Where a participant experiences a system challenge, the concerned participant shall advise ZECHL who will in turn advise all the other participants of the emergency.

**18.2 Late Settlement of Bilateral Clearing**

- 18.2.1 The collecting participant shall charge a paying participant for delay in settling its bilateral clearing obligation using the compensation under the undue enrichment formula. The minimum charge shall be K100.

**18.3 Delayed Submission of EFT File**

- 18.3.1 Where a collecting participant fails to clear EFT transactions received from customers on the same day to the paying participant via the ZECH, the collecting participant shall be fined as per

SESSIONS	PROCESSING TIME	A SERVICE PROVIDER SHALL SUBMIT VALID INSTRUCTIONS BY	PAYING CUSTOMER'S ACCOUNT AT THE RECEIVING BANK TO BE DEBITED NO LATER THAN*	SERVICE PROVIDER'S ACCOUNT TO BE CREDITED IRREVOCABLY BY THE COLLECTING BANK NO LATER THAN
One	08:00 to 09:30 hours	09:00 hours	10:30 hours	16:00 hours
Two	Up to 11:30 hours	11:00 hours	12:30 hours	10:30 hours next business day
Three	Up to 14:00 hours	13:30 hours	15:00 hours	10:30 hours next business day
Four*	Up to 15:00 hours	Not applicable	Not applicable	Not applicable

\*A paying customer shall ensure that sufficient funds are provided on the respective account on the due date





18.3.2 SCHEDULE III – ZECHL MAXIMUM CHARGES. Where a participant experiences a system challenge, the concerned participant shall advise ZECHL who will in turn advise all the other participants of the emergency and shall not suffer any penalty.

#### 18.4 Incorrect Return Reason

18.4.1 This relates to a paying participant returning a payment instruction with an incorrect reason. Where this is established to be the case, ZECHL shall penalise the erring participant as per the

SESSIONS	PROCESSING TIME	A SERVICE PROVIDER SHALL SUBMIT VALID INSTRUCTIONS BY	PAYING CUSTOMER'S ACCOUNT AT THE RECEIVING BANK TO BE DEBITED NO LATER THAN*	SERVICE PROVIDER'S ACCOUNT TO BE CREDITED IRREVOCABLY BY THE COLLECTING BANK NO LATER THAN
One	08:00 to 09:30 hours	09:00 hours	10:30 hours	16:00 hours
Two	Up to 11:30 hours	11:00 hours	12:30 hours	10:30 hours next business day
Three	Up to 14:00 hours	13:30 hours	15:00 hours	10:30 hours next business day
Four*	Up to 15:00 hours	Not applicable	Not applicable	Not applicable

\*A paying customer shall ensure that sufficient funds are provided on the respective account on the due date



#### 18.4.2 SCHEDULE III – ZEHL MAXIMUM CHARGES.

#### 18.5 Failure to Send EFT Transactions with adequate narrations

18.5.1 A receiving participant shall notify ZEHL that it has received EFT transactions with inadequate narrations. Narrations shall include such information as beneficiary's name, beneficiary's account, beneficiary's bank sort code, sender's name and the purpose of the payment.

18.5.2 ZEHL shall use its system to verify the inadequacy in information (if any).

18.5.3 Where it is established that the complaining participant's system truncates narrations, ZEHL shall fine the complaining participant as per

SESSIONS	PROCESSING TIME	A SERVICE PROVIDER SHALL SUBMIT VALID INSTRUCTIONS BY	PAYING CUSTOMER'S ACCOUNT AT THE RECEIVING BANK TO BE DEBITED NO LATER THAN*	SERVICE PROVIDER'S ACCOUNT TO BE CREDITED IRREVOCABLY BY THE COLLECTING BANK NO LATER THAN
One	08:00 to 09:30 hours	09:00 hours	10:30 hours	16:00 hours
Two	Up to 11:30 hours	11:00 hours	12:30 hours	10:30 hours next business day
Three	Up to 14:00 hours	13:30 hours	15:00 hours	10:30 hours next business day
Four*	Up to 15:00 hours	Not applicable	Not applicable	Not applicable

\*A paying customer shall ensure that sufficient funds are provided on the respective account on the due date



18.5.4 SCHEDULE III – ZECHL MAXIMUM CHARGES.

18.5.5 Where it is established that the sending participant is at fault, ZECHL shall fine the sending participant as per

SESSIONS	PROCESSING TIME	A SERVICE PROVIDER SHALL SUBMIT VALID INSTRUCTIONS BY	PAYING CUSTOMER'S ACCOUNT AT THE RECEIVING BANK TO BE DEBITED NO LATER THAN*	SERVICE PROVIDER'S ACCOUNT TO BE CREDITED IRREVOCABLY BY THE COLLECTING BANK NO LATER THAN
One	08:00 to 09:30 hours	09:00 hours	10:30 hours	16:00 hours
Two	Up to 11:30 hours	11:00 hours	12:30 hours	10:30 hours next business day
Three	Up to 14:00 hours	13:30 hours	15:00 hours	10:30 hours next business day
Four*	Up to 15:00 hours	Not applicable	Not applicable	Not applicable

\*A paying customer shall ensure that sufficient funds are provided on the respective account on the due date



#### 18.5.6 SCHEDULE III – ZECHL MAXIMUM CHARGES.



### **PART III: SERVICE PROVIDERS**

#### **19 BECOMING A DIRECT DEBIT SERVICE PROVIDER**

- 19.1 An organisation wishing to join the DD shall contact its Bank who shall advise it of the steps required in becoming a DD Service Provider as a Service Provider. Its Bank shall consider the request to accept an organisation as a DD Service Provider. The organisation shall execute an Indemnity (Form DD 1) in favour of all banks participating in the DD.
- 19.2 On acceptance of an organisation's application, the bank shall give advice to help the Service Provider to comply with the rules. On request by the Service Provider the bank may provide a copy of this document.
- 19.3 The DD may sometimes be unsuitable for non-corporate bodies because the Indemnity liability in some such cases falls directly upon individuals without limitation as to time and amount.
- 19.4 The Service Provider shall submit all documentation it intends to use in its Direct Debit operations, to its bank, for prior approval.

#### **20 THE COLLECTION PROCESS FOR DIRECT DEBITS**

- 20.1 The Collection Process for Direct Debit is the process whereby the Service Provider collects Direct Debits from its Payers who have completed DDM's.
- 20.2 Participants are not responsible for any underlying contract between the Service Provider and the Payer.
- 20.3 The management and timing of the collection of DDs is the Service Provider's responsibility.
- 20.4 The collection shall be made accurately and in a timely manner. If the DD does not fall on the specified date range as specified in the DDM, it shall be rejected.
- 20.5 Where the Service Provider holds accounts with more than one bank and decides to change the current Collecting Bank to the another new one:
  - 20.5.1 The Service Provider shall officially write to its collecting participant advising them that it will stop collecting DDs through them and start collecting DDs through another bank.
  - 20.5.2 The new Collecting Bank shall initiate the amendment of the new Collecting Bank in the ZECH system.
  - 20.5.3 The current collecting participant will receive notification of the amendment from the ZECH system which shall be acknowledged within 14 calendar days. The amendment shall be auto-accepted if there is no acknowledgement after 14 calendar days and the new participant shall become the current collecting participant for the Service Provider. The new collecting participant shall have access to the DDM from ZECH system.
- 20.6 This process starts when the DDM has been successfully lodged with the paying participant. The management and timing of the collection is the Service Provider's responsibility.
- 20.7 In order to do this the Service Provider shall maintain up-to-date records and processes designed to ensure that the collection is made accurately and in a timely manner.
- 20.8 **Payer's Records:**
  - 20.8.1 A Service Provider shall maintain information for all its payers' current records. This shall cover information in respect of:
    - 20.8.1.1 Physical DDM and/or electronic copy.
    - 20.8.1.2 Lodgement of new DDM's.
    - 20.8.1.3 Amendments and cancellations.
    - 20.8.1.4 Records of amounts and date of payments collected including identification of initial, re-presented and final Direct Debits.
  - 20.8.2 Failure to maintain the records in Rule 20.8.1 may result in a high proportion of unpaid or unapplied debits, Indemnity Claims and shall also affect customer service.



## **20.9 Outsourcing of Direct Debits Management**

- 20.9.1 A Service Provider may outsource its Direct Debit management process provided the outsourced party complies with these rules and any other requirements as may be guided by ZECHL.
- 20.9.2 The sponsoring participant shall ensure that the Service Provider has in place adequate risk mitigating measures to manage the risk that may be introduced by the outsourced party. The sponsoring participant shall be liable for the risks that may be introduced in the clearing system through outsourcing activities.

## **20.10 Preparation and Submission of DDACC Files**

- 20.10.1 Full details of the DDACC input file requirements are specified in the APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES, a Service Provider can obtain a copy from their Bank.
- 20.10.2 The Service Provider shall extract all the Direct Debit payments due for collection from its computer records and generate an input file which is submitted to banks for processing.
- 20.10.3 Automated input files are not restricted to organisations having their own computers. Prospective Service Providers without such equipment are invited to discuss with their Banks or any other party of the computer services which can be made available.

## **21 THE PAYMENT PROCESS FOR DIRECT CREDITS**

- 21.1 This is the process whereby a customer makes a payment by electronic transfer directly into the beneficiary's participant account. The management and timing of payments is the responsibility of the sending participant.
- 21.2 This process starts when the DC instruction has been successfully delivered/given to the paying participant.
- 21.3 The management and timing of the payment is the Customer/Originator's responsibility.
- 21.4 In order to do this, the Customer/Originator shall maintain up-to-date records and processes designed to ensure that the payment is made accurately and in timely manner.

### **21.5 Management Administration for Direct Credits:**

- 21.5.1 The Customer/Originator may contract an Organisation to manage its Direct Credits.
- 21.5.2 The Customer/Originator shall take full responsibility for the actions of the other Organisations operating on their behalf. This action includes:
  - 21.5.2.1 Preparation of DDACC Input File in accordance with the ZECH EFT Rules.
  - 21.5.2.2 Management of unapplied DC.
  - 21.5.2.3 Management of payment files sent to banks.
  - 21.5.2.4 Reconciliation of processed, rejected and unapplied items.
  - 21.5.2.5 Ensuring that the funds are available for the DC before the DC Input File is sent to the bank.

## **22 THE DIRECT DEBIT MANDATE (DDM) – FORM DD 8**

### **22.1 The Direct Debit Mandate**

- 22.1.1 The Direct Debit Mandate (DDM) is the method by which Service Providers obtain the Payer's authority and account details to debit his account. The design of the DDM shall follow the prescribed format and be agreed by the Bank (refer to **Error! Reference source not found.**).

### **22.2 The Direct Debit Guarantee Offer**



22.2.1 The Direct Debit Guarantee is offered by paying banks as an assurance to Payers that:

22.2.1.1 In the event of an error the Payer shall immediately be refunded by the paying bank.

22.2.1.2 Advance Notice shall be given before collections are made.

22.2.1.3 The Payer may cancel the DDM at any time.

22.2.2 The Direct Debit Guarantee shall be issued to the Payer with the DDM or the Advance Notice.

### **22.3 Completion and Lodgement**

22.3.1 Once the Payer has returned the completed DDM, the Service Provider shall ensure that all the relevant information is recorded before lodging it with the collecting participant.

22.3.2 Upon receipt, the collecting participant shall electronically send the DDM to the payer's participant via ZECH.

22.3.3 The payer's participant shall validate the DDM and either accept or reject it.

22.3.4 Where the DDM has been accepted, the paying participant shall send a response file to the collecting participant with an appropriate code indicating acceptance.

22.3.5 If rejected a response file shall be returned to the collecting participant with the appropriate return reason code. The collecting participant shall advise the Service Provider who shall notify the Payer.

## **23 THE ADVANCE NOTICE — FORM DD 4**

23.1 This is the method by which Service Providers give notice to the Payer before the first direct debit payment is collected. It shall also be given if the due date, frequency or payment amount changes.

23.2 The Service Provider shall agree the period of Advance Notice with the Payer. The default period in the absence of any other agreements is a minimum of 14 calendar days. As such the time period used in the Direct Debit Guarantee is the time allowed between the Payer receiving the Advance Notice and the first or amended payment.

## **24 DIRECT DEBIT MANDATE AMENDMENT AND CANCELLATION — FORM DD 3**

### **24.1 DDM Amendment – Form DD 3**

24.1.1 Any change or amendment of the DDM advised by the Payer takes effect as soon as the collecting participant receives written notification from the Service Provider subject to approval by the paying participant or lapse of 14 calendar days within which the paying participant should approve the amendment. The amendment shall be auto-accepted if there is no acknowledgement after 14 calendar days.

### **24.2 DDM Cancellation – Form DD 3**

24.2.1 A payer may cancel a DDM to a Service Provider using the prescribed DDM cancellation form. The Service Provider shall in turn submit the DDM cancellation form to the collecting participant for processing.

24.2.2 In exceptional circumstances, a Payer may instruct the paying participant to cancel the DDM.

24.2.3 The collecting participant shall advise the Service Provider of the cancellation of the DDM upon receiving the notification from the ZECH system.

24.2.4 A DDM cancellation shall take effect once the collecting participant or paying participant has uploaded the instruction on the ZECH system.

### **24.3 DDM Cancellation – Unpaid Direct Debit**



- 24.3.1 Where a Direct Debit has been returned unpaid 3 times within 12 consecutive months on account of insufficient funds, the ZECH system shall immediately cancel the DDM and notify the paying participant and the collecting participant through the system.

## **25 INDEMNITY CLAIMS**

- 25.1 Paying participants shall refund the Payer in the event of an error. If the Service Provider makes the error, paying participants shall use the Indemnity Claim process to reclaim the refund from the Service Provider.
- 25.2 The Service Provider shall settle an Indemnity Claim within 14 working days of the date of the claim. The Service Provider may in certain circumstances raise a Counter Claim.
- 25.3 Where the paying participant has made a payment in error, it may send a Refund Request Form (FORM DD 6) to the Service Provider's participant.

## **26 MARKETING**

- 26.1 It is the role of the participant to provide information, advice and guidance upon all aspects of the Service Provider's Direct Debit operations, including marketing advice.

## **27 MONITORING OF DDACC**

- 27.1 Service Providers shall seek advice from their participants if in doubt as to any aspect of DDACC and its rules.
- 27.2 Service Providers shall advise their participants in writing of any changes to their status and/or communication literature. Participants shall monitor the operation of DDACC to ensure the required standards are achieved and maintained by all Service Providers.
- 27.3 Notwithstanding Clause 27.2 above, the Bank of Zambia shall from time to time monitor and review the operations of DDACC to ensure that the required standards are achieved and maintained by both Banks and Service Providers.
- 27.4 Where the Bank of Zambia finds that a participant or Service Provider is not complying with DDACC Rules, and decides that the participant or Service Provider be allowed to rectify the shortcomings, then the participant or Service Provider shall have fourteen (14) working days from the effective date of review in which to rectify its DDACC operations to the required standards. During this period, the defaulting participant or Service Provider will be liable to a penalty not exceeding 50,000 (Fifty thousand) penalty units (currently calculated at K180.00 per penalty unit) for each day that it operates below the required standards. And, in the event that the defaulting participant or Service Provider fails to rectify its DDACC operations within the stipulated period, then the participant or Service Provider shall be dealt with as outlined in Clause 14 and Clause 88.4 respectively.

## **28 EXIT FROM DIRECT DEBIT**

- 28.1 A Service Provider may withdraw from DD voluntarily. In addition, a Service Provider may be required to withdraw by its participant or due to termination of its legal capacity (bankruptcy or liquidation).
- 28.2 The participant shall manage the Service Provider's withdrawal from DD. Even though the Service Provider has ceased to collect Direct Debits, it shall still be liable for any Indemnity Claims which shall be raised by the paying participants for Direct Debits applied to the Payer's account during the period of the Service Provider's participation in the Direct Debit. In all cases this liability is not restricted in respect of time or amount.
- 28.3 The collecting participant shall advise ZECHL in writing that the Service Provider has withdrawn from DD.
- 28.4 Upon receiving the notification, ZECHL shall notify all the participants of the withdrawal of the Service Provider.





28.5 ZEHL shall deactivate the Service Provider from its system at an appointed date. All the matching mandates for the Service Provider shall be cancelled.

28.6 In the event that the Service Provider has been deactivated, claims shall be handled bilaterally.

## **29 JOINING DDACC AS A SERVICE PROVIDER**

29.1 An organisation wishing to join DDACC should contact its bank/financial institution who shall advise it of the steps required in becoming a DDACC Service Provider as a Service Provider. Its bank/financial institution shall consider the request to sponsor the organisation as a Service Provider. The Service Provider shall execute an Indemnity in favour of all banks/financial institution participating in DDACC.

29.2 Only corporate bodies qualify to be Service Providers.

29.3 The Service Provider shall submit documentation it intends to use in its Direct Debit and Credit operations to its collecting participant for prior approval.

29.4 The collecting participant shall submit to ZEHL documentation that relate to the design of the forms for approval.

### **29.5 Application for Participation**

29.5.1 The application of a prospective Service Provider shall stand on its own merits. It is the participant's duty to assess the suitability of the prospective Service Provider.

29.5.2 Consideration shall include:

29.5.2.1 Contractual capacity.

29.5.2.2 Financial standing.

29.5.2.3 The quality of its administrative, internal controls and control environment.

29.5.3 A service provider shall have a registered address in Zambia and a local currency account with a participant, which should be a participating participant in the interbank clearing. All communications in respect of DDACC shall be posted to the registered address.

29.5.4 A Service Provider shall complete and lodge an Indemnity with its bank/participant. A Service Provider which is an overseas registered company, or which has its principal place of business overseas, may be required to provide legal opinion that the Indemnity would be enforceable under the overseas jurisdiction and provide proof of adequate assets within the Zambian jurisdiction.

29.5.5 The success of the application shall not be influenced by the existence or availability of any private insurance to cover a Service Provider's Indemnity liability.

29.5.6 Third party support for the liability assumed under the Indemnity shall not be acceptable to the bank/participant. However, in this context, the relationship between parent and subsidiary companies is not deemed a third party relationship.

### **29.6 Service Provider's Account**

29.6.1 The account of the Service Provider shall be in the name of the Service Provider and held at the collecting participant.

29.6.2 Service Providers may in some instances hold an account with more than one bank/participant.

29.6.3 Where a Service Provider holds accounts with more than one bank/participant, the Service Provider may collect payments through any of the collecting participants as the Service Provider desires.

### **29.7 Participant Codes**

29.7.1 These are codes that identify all Service Providers that participate in the DD and those that generate multiple Direct Credit transactions regularly.

29.7.2 The ZEHL shall validate all Participate Codes for Service Providers that participate in the DD or DC against the Transaction Types they have signed up for.



## **29.8 Allocation of Participant Codes:**

- 29.8.1 It is the bank/participant's duty to assess the suitability of the prospective Service Provider to be allocated a Participant Code.
- 29.8.2 The bank/participant shall formally apply to the ZECH for the allocation of the Participant Code to the Service Provider.
- 29.8.3 The ZECH shall allocate a Participant Code to the Service Provider and shall advise all the participating participants the relevant code.

## **29.9 Application of Participant Codes:**

- 29.9.1 It is the responsibility of the collecting participant to ensure that correct Transaction Types are used for each Participant Code for which Service Providers have signed up for when sending the DDACC transactions to the paying participants.

## **30 THE INDEMNITY — FORM DD 1**

- 30.1 As a condition of participation in the Direct Debit, a Service Provider shall execute a standard form of Indemnity (Form DD 1), which shall be obtained from its bank. By executing the Indemnity, the Service Provider is bound by the terms and conditions of the Indemnity.
- 30.2 The purpose of the Indemnity is to underwrite the protection offered to the Payer under the Guarantee.
- 30.3 Service Providers should note that the liability is unlimited as to:
  - 30.3.1 Direct Debits originated prior to receipt by the banks of written notice of termination of the Indemnity.
  - 30.3.2 Amount – the liability of a Service Provider arises in respect of Direct Debits originated in error. Also where a Service Provider has failed to collect, consequential losses attributed to such errors may also arise. (e.g. failure to collect an insurance premium can result in loss of cover).
- 30.4 When the Direct Debit Indemnity is executed, a certified copy of the appropriate authorising resolution shall accompany Form DD2. This shall authorise participation in the Direct Debit, specify to whom the Indemnity is addressed and identify the signatories by name and official capacity.
- 30.5 After execution, the Service Provider shall return the signed Indemnity and accompanying authorising resolution to its bank.
- 30.6 A Service Provider shall immediately advise its participant if there is any change in its legal status. In this event, the Service Provider shall obtain new DDM's from its Payers.
- 30.7 Should a Service Provider cease to use its Direct Debit payment method, the Service Provider shall provide written notice of termination to its participant.
- 30.8 The Service Provider shall continue to be liable for all Direct Debits originated during its period of participation in the DD and any subsequent Indemnity Claims raised by the paying banks.

## **30.9 Indemnity Documentation**

- 30.9.1 The Indemnity shall not be signed until after the authorising resolution has been passed by the Board of the Service Provider. Refer to APPENDIX IV – EXAMPLES OF PROHIBITED PRACTICES for examples of prohibited practices.

## **31 DIRECT DEBIT MANDATE**

- 31.1 The DDM is the method by which Service Providers obtain the Payer's authority to debit their account. It is important that the DDM provides all the necessary information to enable collection by Direct Debit and that the Payer is provided with a clear understanding that they have given their authority to debit their account. There is a standard format for the DDM (Form DD 8), which



has been designed to make it easy for the Payer to complete and to ensure that all the details necessary to set the DDM are obtained. The design of all DDM's shall be approved in writing from the Service Provider's participant before the Service Provider can issue the DDM's. The reverse of a DDM shall not set out information that might be taken to be part of the Mandate. Where it is intended that additional information for Payers should be printed on the reverse of the DDM, the participant's approval in writing shall first be obtained.

31.2 Contents of the Direct Debit Mandate:

- 31.2.1 The heading 'MANDATE TO YOUR BANK TO PAY BY DIRECT DEBIT'.
- 31.2.2 The Service Provider's name, logo and address.
- 31.2.3 The Service Provider's reference number.
- 31.2.4 The Payer's Account Number with Service Provider.
- 31.2.5 Payment date in the format Day Month and Year (DDMMYY).
- 31.2.6 Expiry date in the format Day Month and Year (DDMMYY).
- 31.2.7 Payment frequency (D=Daily W=Weekly FN=Fortnightly M=Monthly Q=Quarterly H=Half Yearly A=Annually).
- 31.2.8 How many days can the Direct Debit be processed before Payment Date.
- 31.2.9 How many days can the Direct Debit be processed after Payment Date.
- 31.2.10 Amount to be debited (fixed or variable subject to a maximum amount to be specified).
- 31.2.11 Payer's name.
- 31.2.12 Payer's telephone number.
- 31.2.13 Payer's email.
- 31.2.14 The name and full postal address of the Bank where the Payer's account is held.
- 31.2.15 The Payer's branch name/sort code.
- 31.2.16 The Payer's Bank account number.
- 31.2.17 Payer's instruction to debit the Payer's account including reference to the Direct Debit safeguards under the Direct Debit Guarantee, signature(s) and date.
- 31.2.18 Banks may not accept Direct Debit Mandates for some types of accounts.
- 31.2.19 The Direct Debit Guarantee:
  - 31.2.19.1 This Guarantee is offered by all banks that take part in the DDACC System. The efficiency and security of the Direct Debit is monitored and protected by your own Bank/Financial Institution.
  - 31.2.19.2 If the amounts to be paid or the payment dates change ... [Service Provider's name] will notify you 14 working days in advance of your account being debited or as otherwise agreed.
  - 31.2.19.3 If an error is made by ... [Service Provider's name] or your Bank/Financial Institution, you are guaranteed a full and immediate refund from your branch of the amount paid.
  - 31.2.19.4 You can cancel a Direct Debit at any time by writing to your Bank/Financial Institution. Please also send a copy of your letter to us.
- 31.3 The Direct Debit Guarantee shall be provided to the Payer with the DDM and the Advance Notice or other correspondence issued in respect of the application. Service Providers are advised to print the Guarantee on the bottom of the DDM as a tear off portion to be retained by the Payer.
- 31.4 The only additional information, which is permitted, on the DDM is an optional area for a Service Provider's official use only and the Service Provider's company logo.
- 31.5 The Service Provider's official use area is provided solely for the internal use of the Service Provider. The Paying Bank shall not read text in this box. It shall include the words shown in Form DD 8.
- 31.6 For Service Providers who include a DDM with a publication i.e. magazine/journal it shall be noted that the DDM shall still hold the above information with the exception of the Direct Debit Guarantee, which may be omitted due to the constraints of available print space. Service Providers shall however include a copy of the Guarantee with the Payer's Advance Notice or other correspondence to the Payer.
- 31.7 All variable DDM's in terms of amount should be subject to a maximum amount, date and frequency. These details shall be advised to the Payer by Advance Notice.



31.8 The use of certain practices and additions to the DDM are prohibited. Refer to APPENDIX IV – EXAMPLES OF PROHIBITED PRACTICES for prohibited practices.

**31.9 The Direct Debit Guarantee**

31.9.1 It is recommended that the Guarantee is printed as a tear off strip at the bottom of the DDM so that it can be retained by the Payer. For Service Providers who print the DDM in a publication and are not able to include the Direct Debit Guarantee due to the constraints of available print space, the Guarantee shall be issued to the Payer with the Advance Notice or other correspondence issued in respect of the application. A Service Provider shall enter the number of days of Advance Notice that shall be given to the Payer in respect of payments to be collected under the DDM.

31.9.2 The Service Provider may agree the period of Advance Notice with the Payer. The default period in the absence of any other agreement is a minimum of 14 working days. As such, the time period used in the Direct Debit Guarantee is the time allowed between the Payer receiving the Advance Notice and the first / amended payment.

31.9.3 Service Providers shall not present a Direct Debit for collection prior to the expiry of the notice period. The paying participant shall meet the terms of the debit Guarantee

**31.10 The Choice of Payment Date**

31.10.1 There is no objection to the Service Provider indicating in the Service Provider's 'for official use' box the dates on which payments are intended to be made, or even offering a choice of date. The box shall however prominently include the words 'This is not part of the Mandate to your bank'. The contents of this box shall not be read or monitored by the paying bank.

**31.11 Service Provider's Responsibilities**

31.11.1 The Service Provider shall supply to ZECH through the collecting participant all DDM forms (refer to APPENDIX III – DD FORMS) in respect of its DDACC application that they conform to the approved standards. If an error is discovered after the printing of the approved DDM the Service Provider shall immediately contact its Bank who shall advise the appropriate action to be taken. This may involve the destruction of the erroneous DDM's and reprinting in the correct format.

31.11.2 Service Providers shall ensure that the DDM is correctly completed prior to dispatch to the Collecting Bank. DDM's can only be lodged with the Collecting Bank by the Service Provider and not directly by the Payer.

31.11.3 The DDM does not constitute a contract between the Service Provider and the Payer's Bank.

31.11.4 Service Providers are prohibited from practices listed in APPENDIX IV – EXAMPLES OF PROHIBITED PRACTICES.

31.11.5 The Direct Debit Guarantee provides assurance to the Payer that any monies taken in error by the paying participant shall be immediately refunded by the paying bank's/financial institution's. Where the monies are taken in error by the Service Provider, the Service Provider shall immediately refund the monies. This confirms to the Payer that he may cancel a Direct Debit at any time. The Direct Debit Guarantee wording as illustrated in Form DD 8 shall not be varied in any way.

**32 ADVANCE NOTICE – FORM DD4**

32.1 Advance Notice (Form DD4) is the method by which Service Providers give notice to the Payer before the first Direct Debit payment is collected. It shall also be given if the due date frequency and amount changes.

32.2 The Advance Notice shall be a clear unambiguous personalised advice and shall be identified as such at first glance by the Payer.

32.3 Where the Payer is paying on behalf of another person or party, the Advance Notice shall be issued to the Direct Debit Payer, i.e. the person who signed the DDM.



#### **32.4 Contents of Advance Notice**

32.4.1 The Advance Notice shall be clear and provide the Payer with the following details:

32.4.1.1 Total amount of Direct Debit.

32.4.1.2 Direct Debit due date (including day, month and year).

32.4.1.3 Frequency of Direct Debit payment, where an Advance Notice is not issued for each payment or where an advance schedule of specific dates is not issued.

32.4.1.4 Direct Debit Reference number.

32.4.1.5 Advance Notice period.

32.4.1.6 Service Provider name.

32.4.2 If the payment details are altered in any way a new Advance Notice shall be sent to the Payer.

#### **32.5 Time Scales**

32.5.1 The Service Provider shall agree the period of Advance Notice with the Payer. The default period in the absence of any other agreement (the time allowed for receipt of the Advance Notice by the Payer) is minimum of 14 working days.

32.5.2 The Advance Notice period given to the Payer, prior to his account being debited shall be shown on the Direct Debit Guarantee. This Advance Notice period can however be varied by prior agreement with the Payer.

32.5.3 Service Providers shall collect the Direct Debit payment on or up to 5 working days before or after the specified due date as advised to the Payer on the Advance Notice. Should the Service Provider fail to collect the Direct Debit as specified, alternative arrangements shall be made between the payer and the Service Provider.

#### **32.6 Valid Advance Notice**

32.6.1 Advance Notice can be given in written or electronic form only. Proof to the paying bank that Advance Notice has been issued does not provide proof of receipt by the Payer.

32.6.2 Service Providers shall clarify multiple collections / amalgamations. This information shall assist the paying bank and the Service Provider to investigate any subsequent query, which may be raised by the Payer in respect of the Advance Notice or the Direct Debit payment. The preferred practice is to avoid multiple collections / amalgamations and to use one contract procedure.

32.6.3 A Service Provider, which is a Government department or a public or local authority, collecting statutory amounts payable and where these amounts are subject to change, is required to provide individual Advance Notice to each Payer. The DD does not support advice being given in any statute or subordinate legislation duly passed or made by Parliament or where details of the change are given in a national publication, e.g. changes to VAT, insurance premium, tax etc.

#### **32.7 Written Notification**

32.7.1 Service Provider may give written notification to the Payer within the following documentation:

32.7.1.1 a letter addressed to the Payer.

32.7.1.2 in a schedule where dates / amounts are known in advance.

32.7.1.3 in a statement.

32.7.1.4 in an invoice.

32.7.1.5 Within a contract which may be issued between the Service Provider and the Payer.

32.7.2 Both the statement and the invoice above shall clearly display that collection is for Direct Debit, the amount to be debited and the due date, e.g. 'This invoice is for information purposes only. The amount due shall be collected by direct debit on or immediately after...'



### **32.8 Notification of Outstanding Funds – Contract Cancelled**

- 32.8.1 If a Payer cancels his contract and / or service with the Service Provider, then any outstanding sum may continue to be collected by Direct Debit, by arrangement with the Payer and provided that the existing DDM has not been cancelled.
- 32.8.2 It is essential that proper and adequate Advance Notice be given to the Payer of the dates, amount and frequency of such payments.

### **32.9 Exceptional Dispensation**

- 32.9.1 Exceptionally, Advance Notice may not be required when direct action by the Payer requires the Service Provider to initiate a specific debit on Payer's Bank account under an existing DDM (one off collections are not allowed in Direct Debits).
- 32.9.2 If any doubt exists, guidance of the collecting participant shall be obtained by the Service Provider before establishing an arrangement dispensing with the Advance Notice. After a Payer defaults 3 times in a row the Paying Bank should advise the Service Provider to stop sending Direct Debits on that Payer's account. The Service Providers should also notify the Payer and arrange other alternative arrangements to pay. Possible situations could be:
- 32.9.3 When the Service Provider is required to debit the Payer's account following withdrawal of cash from an automated teller machine under the control of the Service Provider.
- 32.9.4 A written request received by the Service Provider from the Payer.
- 32.9.5 A request by the Payer to the Service Provider by means other than in writing but providing an audit trail.
- 32.9.6 Refer to APPENDIX IV – EXAMPLES OF PROHIBITED PRACTICES for prohibited practices.

## **33 COMPLETION AND LODGEMENT OF THE DIRECT DEBIT MANDATE**

- 33.1 The DDM once completed by the Payer is sent to the Service Provider who shall ensure that all the relevant information has been completed. This information is then input into the Service Provider's system and the DDM is dispatched by the Service Provider to the collecting participant for processing on the ZECH system and the paying participant for lodgement.

### **33.2 Completion of the Direct Debit Mandate**

- 33.2.1 The DDM is the authority given by the Payer to his paying participant to allow the Service Provider to collect Direct Debits from his account.
- 33.2.2 It is important that the Service Providers name shall be clearly shown on the DDM and on the Direct Debit record. Where collection of Direct Debit is being made in a different trading name this name shall also be reflected on the DDM.
- 33.2.3 The Payer is required to complete the following information on the DDM:
  - 33.2.3.1 Name and full postal address of the participant of his account holding branch.
  - 33.2.3.2 The sort code number of his account holding branch.
  - 33.2.3.3 The Payer's account number:
    - 33.2.3.3.1 All participant accounts should comply with the DDACC Specifications.
    - 33.2.3.3.2 The majority of the paying participants operate a 13-digit account numbering system.
  - 33.2.3.4 Date and account holder's signature.
- 33.2.4 Clear instruction shall be given to the Payer to return the completed DDM to the Service Provider who shall lodge the DDM with the Payer's account holding branch.





### **33.3 Lodgement**

- 33.3.1 The Service Provider shall lodge the completed DDM with the Payer's account holding branch before collections may commence.

### **33.4 Collecting Participant's Responsibilities**

- 33.4.1 Upon receipt of the DDM from the Service Provider, the collecting participant shall validate the DDM i.e. shall confirm that all the details of the DDM have been filled in and the DDM has been properly executed.
- 33.4.2 The collecting participant shall process and send the DDM to the paying participant via ZECH.
- 33.4.3 Where a collecting participant receives a DDM that has been rejected, the collecting participant shall immediately inform the Service Provider of the rejection.

### **33.5 Rejected Direct Debit Mandate**

- 33.5.1 If rejected the DDM is returned to the Service Provider immediately but no later than 14 calendar days from date of receipt by the paying participant.
- 33.5.2 The paying participant shall indicate on the returned DDM that lodgement has been refused e.g. unable to accept Direct Debit against account.
- 33.5.3 The participants reserve the right to refuse lodgement of a DDM without giving a reason for doing so. In such a case the DDM shall be returned to the Service Provider marked 'lodgement refused'.
- 33.5.4 When a Service Provider receives a returned DDM, which has been rejected, the Service Provider shall contact the Payer to arrange an alternative payment method.
- 33.5.5 Some paying participants process DDM's centrally. In this event the Service Provider may receive a covering 'lodgement referred or rejected' form for a number of rejected DDM's. The reason for refusal may be indicated either on each DDM or on the form as shown in Form DD 5.

### **33.6 Service Provider's Responsibilities**

- 33.6.1 Service Providers shall allow a minimum of 14 working days from date of despatch for the paying participant to action the DDM before the first collection is presented for payment.
- 33.6.2 The first collection date cannot be prior to, but shall be within 3 working days of the payment date specified to the Payer in the Advance Notice.

### **33.7 Paying Participant's Responsibilities**

- 33.7.1 Upon receipt of the DDM the payer's participant shall validate the DDM i.e. shall confirm that the Payer is one of its customers and that the DDM has been properly executed.
- 33.7.2 If accepted the DDM information is recorded in the paying participant's customer Direct Debit records.
- 33.7.3 Where a DDM has been rejected, the paying participant shall within 14 calendar days send a response file to the collecting participant informing them of the rejection.
- 33.7.4 Paying participants have the right to refuse completed DDM's without giving a reason. In particular, they shall generally refuse completed DDM's, which do not comply with the rules set out in this document.
- 33.7.5 Paying participants may confirm Payer details to a Service Provider but are not under any obligation to do so or to disclose any additional information about the DDM or payer's participant details to Service Providers. Any information so given is given in good faith but neither by giving such information nor by declining to give information does the paying participant assume any responsibility to the Service Provider.
- 33.7.6 Example of DDM Lodgement Referred / Rejected Form - FORM DD 5.
- 33.7.7 This form is used by paying participants to inform Service Providers of reasons for referring back for checking, or rejecting DDM's submitted for lodgement.



### **34 DIRECT DEBIT MANDATE ACKNOWLEDGEMENT**

34.1 DDM Acknowledgement provides confirmation to the Service Provider that the paying participant has accepted lodgement of the DDM.

#### **34.2 Paying Participant's Responsibilities:**

34.2.1 The paying participant shall acknowledge the DDM within 14 calendar days of the collecting participant submitting through the CHI Client. The collecting participant shall immediately send the acknowledgement to the Service Provider.

34.2.2 Where a DDM has been rejected, the paying participant shall within 14 calendar days send a response file with an appropriate response code to the collecting participant informing them of the rejection. The collecting participant shall immediately inform the Service Provider of the rejection.

#### **34.3 Service Provider's Responsibilities:**

34.3.1 The Service Provider shall only commence the collection of DDs after receipt of an acknowledgement from the collecting participant and having provided Advance Notice to the Payer of the Amount, Date and Frequency of payments to be collected from the account.

34.3.2 The Service Provider may then commence collection of Direct Debits providing the Payer has been given Advance Notice of the amount, date and frequency of payments to be collected from his account.

### **35 COLLECTION DATE, AMOUNT AND FREQUENCY**

35.1 Collection shall be made on the payment date, provided that where the payment date is a public holiday, collection shall be made on the following business day

35.2 Where the Service Provider has collected more than intended / advised to the Payer, the Service Provider should confirm in writing directly to the Payer, the appropriate refund arrangements.

35.3 It is advisable for Service Providers to offer a choice of collection dates to their customers. This would offer budgeting options and may reduce the number of unpaid Direct Debits returned by the Paying Banks due to lack of funds.

### **36 DORMANCY**

36.1 All Paying Banks shall hold details of Payer DDM's on file for a minimum period of 13 months from lodgement of the DDM in the event of no collections, or from the date of the last payment.

36.2 A Service Provider requiring all DDM's to be held for more than 13 months, from either lodgement or last collection, shall seek guidance from its Bank. Requests shall be reviewed to ensure that the Service Provider, in its normal course of business, does require a dormancy period greater than 13 months. Extensions shall not be approved for Service Providers where there is concern that a number of Mandates may lapse if they have agreed with their Payer to suspend payments. Under these circumstances the Service Provider shall obtain a new DDM from the Payer and lodge in the usual way.

36.3 Where a Service Provider has agreed to suspend collection of Direct Debits for a period, which exceeds the Service Provider's dormancy period the Service Provider shall obtain a new DDM from the Payer and lodge it with the Paying Bank.

### **37 MONITOR / CONTROL FACILITIES**

37.1 There are a number of facilities available to the Banks and Service Providers which may be used to monitor / control the Service Provider's input file. All banks should have systems that verify DDM's.





37.2 Service Provider Control:

37.3 **Individual item limit** – This facility enables the Service Provider to monitor individual collections and ensure these are within a set figure. Any items exceeding this limit shall be detailed on the Service Provider's input report.

37.4 **Audit trail** – This facility provides an audit trail for Service Providers, who may request items to be selected at random and printed on the input report.

38 **PAYER CANCELLATION OF CONTRACT DIRECT WITH THE SERVICE PROVIDER**

38.1 Where a Payer has given advice to the Service Provider to cancel the contract, this shall be taken as a cancellation advice for the DDM.

38.2 If the Payer owes outstanding funds to the Service Provider in respect of the contract, the Service Provider shall clarify the payment method to be used to collect these outstanding funds.

39 **ERROR RECOVERY**

39.1 This section details procedures, timings and actions to be taken by the Service Provider in the event of errors in the payment file submitted to Banks.

39.2 The Service Provider shall be responsible for correcting the error, recreating the DDACC file and submitting it to the bank for processing.

39.3 The guidelines detailed below should be followed by the Service Providers in the event of error items.

39.3.1 **At Collecting Bank before sending to the ZECH:**

39.3.1.1 The Service Provider shall recreate the DDACC file with the correct data and withdraw the wrong file from the bank.

39.3.2 **At Paying Bank before updating customer accounts:**

39.3.2.1 After receiving advice from Service Providers, the Collecting Bank may request the Paying Bank to return items as unapplied/unpaid funds.

39.3.3 **After Bank processes the DDACC File:**

39.3.3.1 The Bank at the request of the Service Providers through their bank may reverse/correct the items.

39.3.3.2 A Collecting Bank may send a DDACC file to other banks to reverse/correct the wrong transactions with written documentation and appropriate return reason code as detailed in SCHEDULE V – RETURN REASON CODES.

39.3.4 **Notification to the Payer (Error items):**

39.3.4.1 Where it has been possible to extract the erroneous file before the Bank processes it, the Service Provider shall:

39.3.4.1.1 give advice of the error to the Payers affected, detailing the appropriate recovery process

39.3.4.1.2 confirm the new collection date and amount to the Payer, if the payment collection is to be made more than 3 working days after the original due date. The Service Provider shall also confirm that it shall meet any bank charges incurred by the Payer as a result of the error.

39.3.4.1.3 issue the advice to the Payers on the date the error is detected but no later than 3 working days from this date.



- 39.4 These procedures apply to any error relating to a DDACC File that has been collected in error, regardless of whether it is collected before the due date or a double debit for example.

#### 40 **SERVICE PROVIDER'S SYSTEM ERROR**

- 40.1 Service Providers shall have contingency arrangements available to ensure their DDACC process is unaffected or there is a minimum disruption to their process should a system error occur.
- 40.2 It is the Service Providers responsibility to ensure funds collected on the due date. Advice on how to handle contingency can be obtained from the Service Provider's bank/financial institution.
- 40.3 If the system problem is not corrected in time to allow the Service Provider to submit its DDACC file on the required input day, it shall contact its bank/financial institution as early as possible, who shall advise on the appropriate options available.

##### 40.4 **Notification to the Payer**

- 40.4.1 If on account of a system error the Service Provider fails to process on or within 3 working days of the due date, the Service Provider is required to inform the parties affected, detailing what action has been taken and confirm the new processing date and amount.

#### 41 **DIRECT DEBIT MANDATE AMENDMENT AND CANCELLATION**

- 41.1 A Payer can choose to amend or cancel the Payer's DDM by giving the Payer's Bank branch written authority at least four business days before payment date.
- 41.2 In addition, there are circumstances, which require the Paying Bank to give, advice to the Service Provider of a change to the DDM e.g. branch mergers.
- 41.3 The advice may be received in one of the following formats:

##### 41.3.1 **Paying Bank generated:**

- 41.3.1.1 Closed branch advice or zero account number advice.
- 41.3.1.2 An unpaid Direct Debit advice.

##### 41.3.2 **Service Provider generated:**

- 41.3.2.1 Account Number Change.

##### 41.3.3 **Payer generated:**

- 41.3.3.1 Advice of cancellation from the Payer to the Service Provider.

- 41.4 Service Providers shall apply DDM amendments and cancellations immediately or as specified by the Payer to ensure the accuracy of the direct debit collection.
- 41.5 Where a Payer has given advice to the Service Provider to cancel the contract this shall be taken as a cancellation advice for the DDM
- 41.6 If the Payer owes outstanding funds to the Service Provider in respect of the contract the Service Provider shall agree the payment method with the Payer for the collection of the funds. Direct Debiting may continue to be used providing the Service Provider has given written notification to the Payer of any outstanding amounts due and confirmation of the payment due date(s). This method cannot be used if the DDM has been cancelled with the Payer's Bank, unless a new DDM has been obtained and lodged.
- 41.7 Having received notification of a change to the DDM from the Payer, the Paying Bank shall inform the Service Provider.
- 41.8 Additionally, where the status of the Paying branch has changed (e.g. branch closure / merger) and the Direct Debit is addressed to the old details, the Bank shall provide advice of the new sort



- code and / or account number using the closed branch advice voucher, zero account number advice.
- 41.9 The advice shall be dispatched to the Service Provider with the correct account details as supplied by the paying participant.
- 41.10 Amendments to the DDM may arise as a result of but not limited to:
- 41.10.1 The cancellation of the DDM.
- 41.10.2 The transfers of Payers account to another branch of the same participant.
- 41.10.3 Written authority from the Payer to his branch of a change to details of his DDM e.g. change of account name or number, within the same participant.
- 41.10.4 Any one of the other reason codes shown in the table SCHEDULE V – RETURN REASON CODES.
- 41.10.5 While not a permanent amendment to a DDM, the Payer may dispute the Advance Notice given which may result in a payment being suspended until the dispute has been resolved.
- 41.11 A Service Provider shall note that his Payer's DDM can be terminated without his knowledge e.g. the appointment of a liquidator. This shall involve statutory publicity thus providing constructive notice.
- 41.12 Paying Banks shall progress the Payer's instruction to amend / cancel a DDM. Failure to do so immediately (on day of receipt or within 3 working days) could result in liability for the Paying Bank.
- 41.13 The potential liability is immediate and shall relate to the period outstanding between the Bank receiving the Payer's instruction to amend / cancel the DDM and the Bank actioning that instruction.
- 41.14 Service Providers shall action these advices immediately, or within 3 working days from receipt.
- 41.15 Cases shall arise when the Service Provider receives notice of a cancellation but is unable to act on it before the next payment date. In this case they may receive an Indemnity Claim.
- 41.16 Should there be a dispute over whether an advice was issued, the paying participant shall provide a copy of the record or proof that an advice had been sent to Collecting Bank.
- 41.17 A Service Provider shall advise the paying participant by use of a covering note if it intends to use the same account number on a DDM, which replaces a recently cancelled DDM.
- 41.18 Notice of expiry shall be deemed to have been given if the Service Provider identifies the final payment under the expiring DDM.
- 41.19 Where there is a change to the status of the Service Provider which would lead to changes to (e.g.: account numbers) the Service Provider shall obtain and lodge new DDM's with the paying participants, but should consult its paying participant in the first instance.

## **42 PAYER GENERATED CANCELLATIONS**

- 42.1 The Payer may wish to advise the Service Provider direct at least 10 business days before payment date by written or electronic form of the cancellation of the DDM.
- 42.2 If notification has been accepted by the Service Provider, the Service Provider may subsequently be liable to an Indemnity Claim if the Payer disputes giving authority to amend / cancel a DDM.
- 42.3 The Service Provider shall apply the changes and advise the Payer to notify the paying participant. This shall ensure that all parties involved are informed of the cancellation.
- 42.4 Request to a paying participant to stop payment of one Direct Debit in a series cannot normally be accepted from a Payer whose proper course of action is to cancel the DDM permanently. The only exception allowed is that a Payer may dispute Advance Notice given and request that the single payment advised be countermanded.
- 42.5 Service Providers shall not transfer DDM's to another account number unless the Payer(s) has signed a new DDM.



## **PART IV: INDEMNITY**

### **43 INDEMNITY CLAIMS**

43.1 Paying Banks shall refund the Payer in the event of an error by the Service Provider. Paying Banks use the Indemnity Claim process to recover the refunded payment from the Service Provider.

43.2 The Service Provider shall settle an Indemnity Claim within 14 working days from the date of receipt of the claim. The Service Provider has the right to make a Counter Claim under certain conditions as detailed later in the document under Clause 44.

#### **43.3 Valid Indemnity Claims**

43.3.1 The paying participants shall accept the request in writing of the Payer concerning an error made by a Service Provider due to their obligations under the Direct Debit Guarantee and will raise an Indemnity Claim.

43.3.2 The Service Provider shall settle the claim within 14 working days. If the Service Provider disagrees as to the validity of the claim and the issue falls outside Counter Claim criteria, the Service Provider shall pursue the matter direct with the Payer.

43.3.3 Direct Debit is the method of collecting payments and the Banks are not responsible for any underlying contract between the Service Provider and the Payer.

43.3.4 The paying participant shall action the Payer's instruction to amend / cancel a DDM. Failure to progress a cancellation immediately shall result in the paying participant being liable for any Direct Debits paid in error under the cancelled DDM unless the Payer has already notified the Service Provider.

43.3.5 Where the Service Provider has received an advice from the payer's participant amending / cancelling the DDM, this shall be processed immediately. Where a Direct Debit payment quoting the old details is already in transit or if a debit is issued with the old details after the date of the cancellation advice, Service Providers should be aware that the debit may be the subject of an Indemnity Claim.

43.3.6 In the case of an unresolved dispute in respect of an amendment / cancellation advice issued by the paying participant to the Service Provider, the paying participant shall provide proof that the advice was issued.

43.3.7 A valid Indemnity Claim shall meet one of the following criteria:

43.3.7.1 The amount and/or date of the Direct Debit differ from the Advance Notice issued to the Payer by the Service Provider.

43.3.7.2 No Advance Notice was received by the Payer or the amount quoted is disputed by the Payer.

43.3.7.3 DDM cancellation by the Paying Bank – where there is proof that an advice or paper cancellation advice has been sent by the Paying Bank to the Service Provider before the payment date.

43.3.7.4 Where the Payer has cancelled the DDM direct with the Service Provider notwithstanding the fact that the Payer may not have cancelled the DDM with the Bank.

43.3.7.5 No Mandate held. Payer disputes having given authority.

43.3.7.6 Signature on DDM is fraudulent or not in accordance with the account authorised signature(s) held by the Paying Bank. No Counter Claim may be raised in this case.

43.3.7.7 Service Provider name disputed – where the Paying Bank is unable to identify and consequently action a Payer's request to cancel a DDM as a result of the Service Provider using one of the set-up exceptions in respect of trading names or facilities management.



#### **44 VALID COUNTER CLAIMS**

44.1 The Service Provider should contact its Collecting Bank giving details of the settled Indemnity Claim including;

44.1.1.1 Amount;

44.1.1.2 Date of claim;

44.1.1.3 Service Provider's account details

44.1.1.4 Reference number quoted on the Direct Debit record.

44.1.1.5 An Indemnity Claim raised at the Service Provider's request. The request shall not be accepted by the paying participant until after payment has been debited to the Payer's account. Some paying participants may ask the Service Providers to provide their request to them in writing. No Counter Claim may be raised in this case.

44.2 Where a Counter Claim has been raised, the collecting participant shall respond within one month, confirming acceptance or rejection of the claim. A Counter Claim shall be raised by the Service Provider via its Collecting Bank after settlement of and within 14 working days of settlement of the Indemnity Claim providing:

44.2.1 Settlement of the original Indemnity Claim was made within the 14 working day 'Rule' period.

44.2.2 There are two instances where a Service Provider may raise a Counter Claim:

44.2.2.1 Where the paying participant paid a Direct Debit (in respect of a first payment on a new DDM) and has subsequently raised an Indemnity Claim for the reason 'No Mandate Held';

44.2.2.2 Any claim that falls outside of the valid Indemnity Claim criteria as defined in Clause 43.

44.3 The Counter Claim is not the only route open to the Service Provider. The Service Provider retains its right to take action directly against the Payer. Direct Debit is the method of collecting payments and the Banks are not responsible for any underlying contract between the Service Provider and the Payer.

#### **45 REFUNDING THE PAYER'S ACCOUNT**

45.1 Under the terms of the Direct Debit Guarantee a Payer is entitled to an immediate refund if an error has been made either by the Service Provider or the Paying Bank. This includes any errors relating to:

45.1.1 The payment due date and frequency.

45.1.2 The amounts to be paid.

45.1.3 Payments made after an instruction given to cancel a DDM.

45.1.4 Any penalties that may arise due to the error.

45.2 The paying participant shall, therefore, refund the Payer immediately and only raise an Indemnity Claim where there has been a Service Provider error. Where there has been an error by the paying participant a refund request (Form DD6) may be raised.

45.3 If the Payer approaches the Service Provider direct regarding an error, the Service Provider shall refer the Payer to the paying participant or contact the paying participant asking them to raise an Indemnity Claim.

#### **46 SUBMISSION OF THE INDEMNITY CLAIM**

46.1 A paying participant shall submit all Indemnity Claims to the collecting participant using the Indemnity Claim Form (Form DD 10). The collecting participant shall directly contact the service provider to consider and settle the Indemnity Claim in line with Rule 43.



- 46.2 The form shall provide details to the Service Provider of the reason for the claim along with the settlement account details and the date of any amendment / cancellation advice sent to the Service Provider.
- 46.3 Only one reason shall be given on an Indemnity Claim form.
- 46.4 An Indemnity Claim can only be raised for the full amount of the original Direct Debit payment.

#### 46.5 **Invalid Claims**

- 46.5.1 Where a Service Provider receives an Indemnity Claim, which it believes does not conform to the valid Indemnity Claim criteria as detailed in Clause 80.3, it shall nevertheless pay the claim, but then immediately raise a Counter Claim in accordance with Clause 81.
- 46.5.2 The Indemnity does not permit the rejection of any claim made by the paying participant.
- 46.5.3 Clauses 46.5.1 and 46.5.2 do not apply where the Service Provider suspects fraudulent activities.

### 47 **SERVICE PROVIDER SETTLEMENT OF THE INDEMNITY CLAIM**

#### 47.1 **Time Scales**

- 47.1.1 An Indemnity Claim shall be settled by a Service Provider to the paying participant without delay, and in any case within 14 calendar days from the date of the Claim.
- 47.1.2 Settlement should be sent via DDACC but shall be directed to the account specified on the participant Credit attached to the claim.
- 47.1.3 If 14 days after the settlement deadline the Service Provider fails to settle the Indemnity Claim, the paying participant may claim settlement of the outstanding funds from the Service Provider's collecting participant who shall settle the outstanding funds immediately. The participant shall debit all amounts to the Service Provider's account.
- 47.1.4 The collecting participant shall be closely monitoring those Service Providers who fail to settle their Indemnity Claims within the specified period and may at their discretion instigate a dispute process which may result in the Service Provider being requested to cease collecting Direct Debits.

#### 47.2 **Refund Request**

- 47.2.1 Where a paying participant has made a payment in error, a refund request may be sent to the Service Provider using the Refund Request Form (Form DD6).
- 47.2.2 The paying participant shall refund the Payer.



## **PART V: MONITORING OF DDACC**

### **48 MONITORING OF DDACC**

- 48.1.1 The Service Provider's participant should satisfy itself that the Service Provider adheres to the requirements of DDACC.
- 48.1.2 A Service Provider shall pass its DDACC communications literature to its collecting participant for approval.
- 48.1.3 The approval shall extend to the technical specification of the Service Provider's DDACC submissions, new / amended DDM's and other literature.
- 48.1.4 The Service Provider shall advise its bank of any changes to its status, communications literature or DDACC submissions. However, the Bank shall monitor the DDACC operations to ensure the required standards are achieved and maintained by all Service Providers.
- 48.1.5 The bank reserves the right to withdraw its DDACC services, limit the amount collected or refuse to accept a specific DDACC file.
- 48.1.6 All banks shall monitor operations within the DDACC to ensure that the required standard of documentation and procedure is achieved and maintained by all Service Providers.
- 48.1.7 Monitoring of DDACC is undertaken to protect Payers/Beneficiaries using DDACC. Failure to carry out these checks shall not affect the validity of any claim under the Direct Debit Indemnity.
- 48.1.8 The following shall be monitored:

#### **48.1.9 The DDACC Record**

- 48.1.9.1 The paying participants shall from time to time check a sample of Direct Debits presented by Service Providers to ensure that operational standards set out in this document are met. The checks may also be applied to ensure the collected Direct Debits conform to the terms of the Mandate lodged by the Service Provider.

#### **48.1.10 The Direct Debit Mandate and Communications Literature**

- 48.1.10.1 Paying participants have the right to refuse completed DDM's which are not legible or do not comply with the DDM regulations detailed in this document.
- 48.1.10.2 The DDM may be returned to the Service Provider by the paying participant marked 'lodgement refused' and the paying participant may request the Service Provider's collecting participant to investigate those DDM's which do not comply with the required standard.
- 48.1.10.3 Additionally, where the collecting participant receives notification of the use of non-standard communications literature (i.e. the Advance Notice and Direct Debit Guarantee issued to the Payer) the collecting participant shall be required to liaise with its Service Provider and request it to change to the required standard.

#### **48.1.11 Settlement of Indemnity Claims**

- 48.1.11.1 A claim may be raised by the paying participant when the Payer disputes the validity of a debit applied against the payer's account as a result of an error by the Service Provider. In all instances the Service Provider shall be required to settle the Indemnity Claim within 14 working days of the date of the claim.
- 48.1.11.2 The collecting participant shall be closely monitoring those Service Providers which fail to settle Indemnity Claims within the specified period and may at their discretion instigate a dispute process which may result in the Service Provider being requested to cease collecting Direct Debits.

### **49 COLLECTING PARTICIPANTS' ROLE**

- 49.1 The collecting participant is required to take proper steps to satisfy itself, and to confirm to ZECH or other Service Providers when called upon, that the Service Provider is adhering to the requirements of DDACC.





- 49.2 Where the collecting participant has been advised of an instance where its Service Provider is operating outside of the required standards, the participant shall liaise with its Service Provider to clarify the requirements, set an appropriate time frame for the Service Provider to apply changes and monitor progress.
- 49.3 Where a Service Provider's documentation / procedures impacts upon the integrity of DDACC the collecting participant shall progress the issue.

## 50 **SERVICE PROVIDER'S RESPONSIBILITIES**

- 50.1 It is the Service Provider's responsibility to advise the Collecting Bank of:
  - 50.1.1 Any changes to its status. When this involves the Service Provider's business being carried on by a different legal entity (for instance by a company in place of a partnership) the new entity shall itself become a DDACC Service Provider and take new DDM's before Direct Debiting may continue.
  - 50.1.2 Any change to DDM and any other communications literature in respect of its Direct Debit operations.
  - 50.1.3 Where the Collecting Bank has highlighted an instance where the Service Provider is not conforming to the requirements of DDACC the Service Provider shall ensure it applies any changes requested by its Collecting Bank within an agreed time frame and provides evidence to support that the changes have been made.
  - 50.1.4 If Bank monitoring reveals an unacceptable level of error or substantial deviations from the DDACC Rules, the Service Provider shall be advised accordingly. If no subsequent improvement is made, the Service Provider shall be required to withdraw from DDACC.

## 51 **EXIT FROM DDACC**

- 51.1 There are three circumstances in which a Service Provider is required to withdraw from DDACC. These are;
  - 51.1.1 Voluntary termination;
  - 51.1.2 Compulsory termination; and
  - 51.1.3 Contractual capacity of the Service Provider (terminated by legal process, for example, by bankruptcy or liquidation on merger or acquisition of or by another company).
- 51.2 The Service Providers' Bank shall withdraw the Service Provider from DDACC and advise all the Banks of the termination in writing. Even though the Service Provider has ceased to collect Direct Debits, it shall still be liable for any Indemnity Claims, which may be raised by the Paying Bank for Direct Debits applied to the Payer's account during the period of the Service Provider's participation in the Direct Debit. In all cases this liability is not restricted in respect of time or amount.
- 51.3 **Voluntary Termination**
  - 51.3.1 A Service Provider shall plan the withdrawal very carefully in close consultation with its Collecting Bank. This shall normally entail the following actions:
    - 51.3.1.1 The cancellation of existing DDM's.
    - 51.3.1.2 The progressive replacement of the Direct Debit by some other payment.
    - 51.3.1.3 The Service Provider is required to give to its Bank one month's written notice from the processing date of the last DDACC input file, of its intention to cease operating within DDACC.
    - 51.3.1.4 The Service Provider withdrawing voluntarily from the DDACC may consider it prudent to establish a contingency reserve for the purpose of meeting any claims which may be received in respect of any Indemnity liability, which may arise subsequent to withdrawal of the Service Provider from DDACC in respect of Direct Debits originated prior to this event.





#### **51.4 Compulsory termination**

51.4.1 In the event of a Service Provider causing significant problems for the industry as a whole, leading to Paying Bank complaints to BAZ, it shall be given a written warning through its Collecting Bank with a time period for achieving conformity. Should the problem not be rectified within the agreed period, a further written warning may be given and where appropriate a further time period agreed. In setting the time period, BAZ shall take into consideration the extent of the activity required to achieve conformity. As a last resort, BAZ shall have the right to terminate a Service Provider from DDACC.

51.4.2 A Service Provider shall be required to withdraw if BAZ believe that:

51.4.3 DDACC operations are being carried out in a manner which constitutes an abuse of DDACC without due regard to the interest of Payers and Beneficiaries.

51.4.4 Where there is evidence that standards and procedures detailed in this document are being deliberately violated.

51.4.5 In extreme cases, the Bank shall terminate a Service Providers' application at short notice, notwithstanding the disruption which may occur. Every effort shall be made to give sufficient notice (minimum 3 months) to enable a Service Provider to make alternative arrangements. However, the giving of notice in this context is not an obligation assumed by the Bank and they cannot accept under any circumstances liability for any loss which a Service Provider may suffer as a result of termination from the DDACC.

#### **51.5 Contractual capacity of the Service Provider is terminated by legal process.**

51.5.1 A Service Provider shall be withdrawn from DDACC if its contractual capacity is terminated by legal process, for example, by bankruptcy or liquidation. In particular, a Service Provider shall immediately cease to be entitled to participate in DDACC if any one or more of the following events ('the relevant insolvency event') occurs;

51.5.1.1 When a Service Provider, being an individual, or where the Service Provider is a partnership, any partner in that firm, becomes bankrupt or makes any composition, conveyance or assignment or arrangement with or for the benefit of his creditors, or purports to do so.

51.5.1.2 When the Service Provider, being a company, passes a resolution or the court makes an order for the winding up of the Service Provider (otherwise than for bona fide reconstruction or merger) or a receiver, administrative receiver, administrator, trustee or similar officer is appointed in respect of all or any part of its undertaking or enters into a composition or voluntary arrangement with or for the benefit of its creditors.

51.5.1.3 An event which is under the law of a country outside Zambia, equivalent to any of the events listed above.

51.5.2 The Service Provider shall not raise any DDM's or Direct Debits after the commencement of a relevant insolvency event.

51.5.3 Where an administrative receiver is appointed for all or part of the undertaking of a Service Provider, it may be possible in some circumstances, and at the discretion of a Service Providers Bank, to permit that Service Provider to continue participating in DDACC. If the Bank decides to permit such Service Provider to continue, then the Bank shall be liable for any loss or damage suffered by a Payer, Beneficiary, Paying Bank or other Banks for DDACC transactions arising directly or indirectly from any DDACC transactions raised by that Service Provider.

#### **52 DIRECT DEBITS AGREEMENT**

52.1 Please refer to APPENDIX V– DIRECT DEBITS AGREEMENT.



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## APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) FILE TYPES

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The EFT contains the following file types. The file format specifications of these files shall be obtained from ZECHL. Only participants in EFT shall be availed the file format specifications.

- 1 Direct Debits
- 2 Direct Credits
- 3 Unapplied Direct Credit
- 4 Unpaid Direct Debit
- 5 Direct Debit Reversal
- 6 Direct Credit Reversal
- 7 Unapplied Reversal Direct Credit
- 8 Unpaid Reversal Direct Debit



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**APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS**

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**EFT**

<b>Code</b>	<b>Description</b>
001	Account Closed
004	Payer deceased
006	Unable to clear (only when bank is closed and/or locked out of the clearing order)
009	Presentation Overdue
010	Account Frozen
013	Refer to Drawer due to lack of funds
016	Refer to Drawer-Winding up petition
019	No account (OR wrong account type)
023	Wrongly Delivered
030	Time Barred
040	Duplicate items
071	Mandate cancelled
073	Invalid account type
074	Bank will not accept Direct Debits on account
076	Advance notice disputed
078	Debit in Excess of Direct Debit Authority
080	Date not due
087	Funds attached -Garnishee Order
088	Lodgement refused
<b>199</b>	<b>Reserved for future use</b>



## APPENDIX III – DD FORMS

### STANDARD INDEMNITY

### FORM DD1

**Standard Indemnity** – to be used by Service Providers

TO

AB ZAMBIA LIMITED	FIRST CAPITAL BANK LIMITED
ABSA BANK ZAMBIA PLC	FIRST NATIONAL BANK ZAMBIA LIMITED
ACCESS BANK ZAMBIA LIMITED	INDO-ZAMBIA BANK LIMITED
BANCABC ZAMBIA LIMITED	INVESTTRUST BANK PLC
BANK OF ZAMBIA	STANBIC BANK ZAMBIA LIMITED
BANK OF CHINA (ZAMBIA) LIMITED	STANDARD CHARTERED BANK ZAMBIA PLC
CAVMONT BANK LIMITED	UNITED BANK FOR AFRICA ZAMBIA LIMITED
CITIBANK ZAMBIA LIMITED	ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED
ECOBANK ZAMBIA LIMITED	ZAMBIA NATIONAL COMMERCIAL BANK PLC
FIRST ALLIANCE BANK ZAMBIA LIMITED	

2. And any other present and future members of Direct Debits (DD)
1. IN CONSIDERATION of your severally accepting instructions from time to time from  
..... (Hereinafter called 'the Service Provider')  
or from an agent of the Service Provider or anyone purporting to act as an agent to debit yourselves or the accounts of your customers with the amounts specified on instruments drawn in paper form or in automated input form written in accordance with the requirements of the Zambia Electronic Clearing House Limited (ZECHL) (acting on behalf of Member/Participating Banks named above), we shall keep each of you indemnified on your respective first demands against all actions, claims, damages, costs and expenses arising directly or indirectly from such debiting or failure to debit and without our agreement to the validity of such demand we shall forthwith pay the amount thereof.
2. We authorise you and each of you to admit, compromise or reject any claims made upon you without reference to or authority from the undersigned.
3. You are not required to verify or check that instructions given to you or any of you by your customers have been given, and remain in force in respect of any debits made at the request of the Service Provider.
4. You are not required to verify or check that any purpose or condition of payment stated in the Direct Debit Mandate (DDM) signed by any of you or by your customers is fulfilled or is observed.
5. We shall incur no liability hereunder to the extent that any payment, losses, costs or expenses included in any such demands are caused by the failure by the one of you making such demand or by that one's servants or agents to comply with the requirements set out in the DDACC Rules and Procedures as amended from time to time. If subsequent to payment by us, it is established that we were under no liability hereunder to make such payment the amount thereof shall forthwith be repaid to us.
6. This Indemnity is to be in addition to and is not to prejudice or be prejudiced by any other Indemnity which has been or may now or hereafter be executed by us in connection with Direct Debiting operations carried out by any other Service Provider and is to be binding on us as a continuing security notwithstanding any payments from time to time made to you or any of you or any settlement of account or disability or incapacity affecting us or any of us or any other thing whatsoever.
7. You are to be at liberty without thereby affecting your rights hereunder at any time and from time to time at your absolute discretion to release discharge compound with or otherwise vary or agree the liability under this Indemnity or make any other arrangement with us.
8. This Indemnity shall be enforceable notwithstanding any change in the name of any Member/Participating Bank by which the cover of the Indemnity has been accepted or any change in the constitution of that Institution its successors or assigns or by its amalgamation with any other Institution or Institutions.



9. This Indemnity may be terminated by our giving notice in writing thereof to:
- a) the sponsoring Bank  
AND TO
  - b) All other Financial Institutions, which may have accepted the cover of this Indemnity but without prejudice to our liability in respect of any debits, originated prior to the receipt of such notice by the Institutions concerned.
10. a) This Indemnity shall be governed by and construed in accordance with the laws of Zambia.
- b) Any legal proceedings which may be instituted in connection herewith shall be commenced and prosecuted either in the courts of Zambia (to the jurisdiction whereof in such event we hereby irrevocably and unconditionally submit) or, (at your option) in the Courts of the country in which we are domiciled or to the jurisdiction whereof we are subject at the time when such proceedings are commenced.

\*\* Name(s) and signed below by  
capacity in **Name of person signing** (name)

which signing **Designation of person signing** (capacity) BLOCK  
CAPITAL

and **Name of second person signing** (name)

3.

4. **Designation of second person signing** (capacity)

On behalf of the Company/Society/Council/Association/ pursuant to a  
resolution of the Board of Directors/Council/Committee/ a certified copy  
whereof is hereto annexed this

day of 2.....

(Date on which signed shall be on or after date on which Authorising Resolution was agreed by a Service Provider)

For and on behalf of **A Service Provider**  
**Signature(s) of above named**  
Signatures\*\*

\*\* The number of signatories is discretionary. If a Service Provider wishes to specify, in the authorizing resolution, a signatory to the Indemnity solely by official capacity, e.g. as the Treasurer, a certified copy of the resolution appointing the signatory to that office should be attached to that executed Indemnity.

**AUTHORISING RESOLUTION****FORM DD 2**

This is a resolution to be passed by the Board of Directors of a corporate body resolving that the organisation participate in DDACC and authorising named individuals to execute the Indemnity on its behalf. A certified copy of the resolution shall be accompanied by the Indemnity.

At a Meeting of the Board of Directors/Council Committee of ..... held on  
..... day of ..... 20.....the following resolution was passed and has  
been duly recorded in the Minutes

RESOLVED that:.....

participates as a Service Provider in DDACC operated by Zambia Electronic Clearing house Limited and members of the Bankers Association of Zambia and that:

	<b>Name of person signing Indemnity</b>	}Name and
M		}official**
	<b>Name of second person signing Indemnity</b>	}designation
M		

is/are hereby authorised to execute a Form of Indemnity worded in the standard form required by those members.

Certified a true copy of the resolution

.....	.....
Chairman	Secretary
Date .....	

\*\* The number of signatories is discretionary. If a Service Provider wishes to specify, in the authorising resolution, a signatory to the Indemnity solely by official capacity, e.g. the 'Treasurer', a certified copy of the resolution appointing the signatory to that office should be attached to the executed Indemnity.

**DIRECT DEBIT MANDATE AMENDMENT & CANCELLATION****FORM DD3**Bank Sort Code ANY Bank  
Cairo Road  
Lusaka  
Zambia**Date:****To:** Payer's Name  
Cairo Road  
Lusaka  
Zambia

Dear Sir,

Please note the following amendment/cancellation with effect from \_\_\_\_\_

**(Please Tick as Appropriate)**☐**01** Account Closed☐**28** Advance Notice disputed☐**02** Account Transferred to Another  
Bank☐**34** Mandate Amended☐**10** Payer Deceased☐**35** Mandate re-instated☐**20** Mandate Cancelled by Payer☐**39** Account/Mandate transferred to a  
different branch of Bank (See Schedule 1)☐**23** Mandate Cancelled – Refer to Payer☐**Service Provider's Id. No.****Details of Present Mandate**

(to be completed in all cases)

Name of Service Provider: \_\_\_\_\_

Your Reference: \_\_\_\_\_

Name of Payer: \_\_\_\_\_

Payer's Account Number: \_\_\_\_\_

**Details of Amendments**(to be completed for above  
reason codes – 34 & 35)

Name of Payer: \_\_\_\_\_

Payer's Account Number: \_\_\_\_\_

**Details of New Branch**

Branch Name: \_\_\_\_\_

Sort Code \_\_\_\_\_

Payers Account Number: \_\_\_\_\_

Yours faithfully,

Branch Stamp

Manager \_\_\_\_\_

Date \_\_\_\_\_



Company Name  
Cairo Road  
Lusaka  
Zambia

**Date:**

**To:** Payer's Name  
Cairo Road  
Lusaka  
Zambia

Dear Sir,

**RE: NOTIFICATION OF CHANGE TO DIRECT DEBIT PAYMENT, DUE DATE, AMOUNT OR FREQUENCY.**

Service Provider's Name:.....

**Bank Branch sort Code:**

--	--	--	--	--	--

Payer's Account Name: .....

**Payer's Reference Number with the Service Provider:**

With effect from ..... Direct Debit payments due in respect of the above Direct Debit Mandate dated .....will now be for K..... and collected on or immediately after (date).....

Should you have any queries in respect of this notification please contact (Name & Telephone Number), otherwise the Direct Debit collection shall be amended as detailed above.

Yours faithfully,

Authorised Signatory





Zambia

BANK NAME  
Cairo Road  
Lusaka**Date:****To:** Payer's Name  
Cairo Road  
Lusaka  
Zambia

## DIRECT DEBIT MANDATE – UNABLE TO ACTION

The attached Direct Debit Mandate(s), cannot be processed for the following reason:

Invalid Sort Code  
Invalid Account Type  
Invalid Mandate  
Account Not Held/Closed  
Account Name Differs  
Insufficient/Invalid Account Details  
Direct Debits Not Permissible On This Particular Account  
Lodgement Refused  
No Reference Number  
No Signature  
Other – Please Specify


If appropriate, please arrange for the Mandate to be completed with valid details and returned to this office.

Manager: \_\_\_\_\_

Date: \_\_\_\_\_

Branch Stamp

**REFUND REQUEST FORM****FORM DD 6**

A form used by the paying Bank to request a refund from the Service Provider as a result of Paying Bank error.

**Direct Debit  
Refund Request**

From: The Manager

Bank

Branch

Dear Sir or Madam:

Due to an error by this branch which has affected our customer could you please give consideration to refund this branch, by means of the attached Bank Credit, the sum specified below, in respect of the under mentioned Direct Debit

**Details of Request**

Date Processed \_\_\_\_\_

Due Date & Frequency \_\_\_\_\_

Your Reference \_\_\_\_\_

Name of Payer \_\_\_\_\_

Amount of Claim K \_\_\_\_\_

Total Amount of Direct Debit(s) K \_\_\_\_\_

Yours Faithfully

Manager

Date \_\_\_\_\_

**Reasons for Request**

Payer instructed us to Cancel instruction \_\_\_\_\_

Other Reason \_\_\_\_\_

Additional Notes \_\_\_\_\_

Branch Stamp

From: \_\_\_\_\_ Bank.

**Bank Credit**

\_\_\_\_\_ Branch. Date: \_\_\_\_\_

Bank and Branch	Sort Code Number	Account Name and No.	Amount
Reference: _____	_____	Direct Debit Suspense A/c Payer _____	K _____

PLEASE DO NOT WRITE BELOW THIS LINE

Re Settlement of  
Indemnity Claim by : \_\_\_\_\_ (Service Provider)



## DIRECT DEBIT MANDATE &amp; DIRECT DEBIT GUARANTEE

FORM DD8

Any Company  
Logo or Name

## MANDATE TO YOUR BANK TO PAY BY DIRECT DEBIT

Name and full postal address of the Service Provider

Service Provider's Reference Number:

Payer's Account Number with Service Provider:

Service Details

Payment Date (DD/MM/YYYY):

How many days can the Direct Debit be  
processed **before** Payment Date?

Expiry Date (DD/MM/YYYY):

How many days can the Direct Debit be  
processed **after** Payment Date?

Payment Frequency\* (Tick as applicable):

☐ D ☐ W ☐ FN ☐ M ☐ Q ☐ H ☐ A

\*D=Daily W=Weekly FN=Fortnightly M=Monthly Q=Quarterly H=Half Yearly A=Annually

Fixed amount to be debited:

Variable amount to be debited subject to maximum of:

Payer's Personal Details

Name:

Telephone Number:

Email:

Address:

Payer's Bank Details

Bank Name:

Branch Name:

Sortcode:

Bank Account Number:

Instruction to your Bank/NBFI

To: The Manager

(Name and full postal address of your Bank)

## INSTRUCTION TO DEBIT MY ACCOUNT

Please pay ... [Service Provider's name] Direct Debits from my account detailed in this mandate subject to safeguards assured by the Direct Debits Guarantee. I/we understand that this mandate may remain with ... [Service Provider's name] and, if so, details will be passed electronically to my Bank/NBFI.

Signatures

Date

Banks/NBFIs may not accept Direct Debit Mandates for some types of accounts

## The Direct Debit Guarantee

1. This Guarantee is offered by all Banks/NBFI that take part in the DDACC System. The efficiency and security of the Direct Debit is monitored and protected by your own Bank/NBFI.
2. If the amounts to be paid or the payment dates change, ... [Service Provider's name] will notify you 14 working days in advance of your account being debited or as otherwise agreed.
3. If an error is made by ... [Service Provider's name], you are guaranteed a full and immediate refund of the amount paid from ... [your Service Provider's name].
4. If an error is made by your bank/NBFI, you are guaranteed a full and immediate refund from your branch of the amount paid.
5. You can cancel a Direct Debit at any time by writing to your Bank/NBFI. Please also send a copy of your letter to us.

**COMBINED DDM/RELATED STANDING ORDER CANCELLATION****FORM DD9**AN COMPANY  
LOGO OR NAME

Instruction to your Bank to pay by Direct Debit

Please fill in the whole form including official use box

--

Service Provider's Reference Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name(s) of Account Holder(s)


Bank account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Branch Sort Code

--	--	--	--	--	--

FOR (AN COMPANY) OFFICIAL USE ONLY  
This is not part of the instruction to your Bank

Instruction to your bank

Please pay (AN Company) Direct Debits from the account detailed in this Instruction subject to the safeguards assured by the Direct Debit Guarantee.

I understand that this Instruction may remain with (AN company) and, if so, details will be passed electronically to my bank

To: The Manager

Bank

Address


Signature

--

Date

--

Name and full postal address of your Bank

To: The Manager

Bank

Address


**Standing Order Cancellation**

Branch Sort Code

--	--	--	--	--	--

Bank account number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

With immediate effect, please cancel my/our Standing Order authority payable to AN company under:

Account reference No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name(s) of Account Holder(s)


Signature(s)

--

—

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Banks may not accept Direct Debit Mandates for some types of accounts



The guarantee should be detached and retained by the payer

**The Direct Debit Guarantee**

- This Guarantee is offered by all banks that take part in the DDACC. The efficiency and security of the Direct Debit is monitored and protected by your own bank.
- If the amounts to be paid or the payment dates change (*insert your Service Provider*) will notify you (*insert number of*) working days in advance of your account being debited or as otherwise agreed.
- If an error is made by (*insert your Service Provider*) or your bank, you are guaranteed a full and immediate refund from your branch of the amount paid.
- You can cancel a Direct Debit at any time by writing to your bank. Please also send a copy of your letter to us.

**INDEMNITY CLAIM FORM****FORM DD 10**

A form used by the Paying Bank to request a refund from Service Provider as a result of Service Provider error.

**Direct Debit  
Indemnity Claim**

(Address details for Service Provider)

Dear Sir/Madam,

Under the terms of the Direct Debit Indemnity, we request you to refund forthwith to this branch, by means of the attached bank credit, the sum specified below, in respect of the under mentioned Direct Debit(s). Our customer has already been reimbursed in respect of this claim.

**Reason for Claim**

- ☐ Amount and / or date of DD differs from Advance Notice
- ☐ \*No Advance Notice received by Payer /or the amount quoted is disputed  
Date advice sent or copy enclosed \_\_\_\_\_ / / ☐
- ☐ DDM cancelled by Paying Bank \_\_\_\_\_ ☐
- ☐ Payer has cancelled DDM direct with Service Provider
- ☐ No Mandate held. Payer disputes having given authority
- ☐ Signature on DDM is fraudulent or not in accordance with account authorised signature(s)
- ☐ Claim raised at Service Provider's request after DD applied to Payer's account. Date of Service Provider letter or Service Provider contact name: \_\_\_\_\_
- ☐ Service Provider name disputed. Payer does not recognise Service Provider collecting DD.
- ☐ Consequential loss. Supporting details attached.

**Details of Claim/Request**

Date processed \_\_\_\_\_

Due Date  
and frequency \_\_\_\_\_Your  
Reference \_\_\_\_\_Name  
of Payer \_\_\_\_\_Amount of  
Claim K \_\_\_\_\_Total amount of  
Direct Debit(s) K \_\_\_\_\_Service Provider's  
Reference Number

--	--	--	--	--	--	--	--	--	--

\*Delete as applicable

Yours faithfully

Branch Stamp

Manager

Date \_\_\_\_\_

DETAILS BELOW TO BE COMPLETED BY BRANCH CLAIMING PAYMENT



Bank Credit

From: \_\_\_\_\_ Bank

\_\_\_\_\_ Branch

Date: \_\_\_\_\_

Bank and Branch	Sort Code Number	Account Name and No	Amount
Ref: <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	Direct Debiting Suspense A/C Payer : _____	<b>K</b> <div></div> <div></div>
		<div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	

PLEASE DO NOT WRITE BELOW THIS LINE

Re settlement of  
Indemnity Claim by: \_\_\_\_\_ (Service Provider)



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## APPENDIX IV – EXAMPLES OF PROHIBITED PRACTICES

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### 1. INDEMNITY DOCUMENTATION

- 1.1 The Indemnity cannot be amended in any way.
- 1.2 The resolution cannot be amended in any way.

### 2. ADDITIONS TO THE DIRECT DEBIT MANDATE

- 2.1 Multiple Account Number choices shall not be used on the DDM.
- 2.2 The wording of the Direct Debit Guarantee as detailed in this document shall not be varied in any way.
- 2.3 The DDM shall not be used for the collection of a single payment. A single payment can be defined as a Direct Debit, which shall only be collected once. Payments that occur more than once in a 13-month period are allowed.
- 2.4 Service Providers shall not combine a Standing Order Mandate with a DDM e.g. 'I/We authorise you to charge my/our account with you by standing Order or Direct Debit for the credit of A.N. Company Ltd'.
- 2.5 The Service Provider shall not make reference on the DDM of the proposed collection date and / or that the first payment shall include collection of all back payments e.g. 'The first Direct Debit shall include all amounts which are due up to the date the Mandate is presented'.
- 2.6 The Service Provider shall not vary the text or make any addition to the DDM except in the Service Provider's official use box'.
- 2.7 The Service Provider shall not include an address disclosure clause within the DDM e.g. 'You are hereby authorised to advise A.N. Company Ltd of my/our address upon request'.
- 2.8 The use of adhesive labels on DDM's is not permitted in any form
- 2.9 The Service Provider shall not lodge DDM's, which contain only a copy of the Payer's signature.
- 2.10 The DDM shall not be lodged with any form or contract required by the Service Provider in respect of the service / product offered.
- 2.11 The Service Provider shall not lodge DDM's, which are not completed in English.
- 2.12 The Service Provider shall not print on the DDM itself any details that the Payer needs to keep, including dates and times of payments.

### 3. ADVANCE NOTIFICATIONS

- 3.1 Oral notification of a future schedule of Direct Debit collections, where the amount and / or collection date is subject to change, is not sufficient. Such information shall be given to the Payer in written or electronic form.
- 3.2 Announcement of any change in a professional journal or other publication is not adequate, without a separate letter addressed to the Payer. Clubs or professional institutions shall issue each member with a separate notice of any change in the rate of subscription or the date of payment in accordance with Advance Notice requirements prior to that change taking place.
- 3.3 Advance Notices shall not be sent with material, which might have the appearance of 'junk mail' and thus risk being discarded before being read. If other (non-related) information is sent, to qualify as 'Advance Notice' the statement of payment changes shall:
  - 3.3.1 Be given precedence over other material.
  - 3.3.2 Appear under a prominent clear heading.
  - 3.3.3 Direct Debits cannot be collected before the date specifically detailed on the Advance Notice. This applies whether or not the specified date is a working day.



4. **COMPLETION AND LODGEMENT OF THE DIRECT DEBIT MANDATE**

- 4.1 Service Providers shall not request the Payer to lodge the completed DDM directly with the Paying Bank.
- 4.2 Service Providers shall not accept a DDM with any amendments made by the Payer (e.g. amount, frequency or collection date). If a DDM is accepted with amendments the Service Provider shall be liable for any resulting Indemnity Claims.
- 4.3 Service Providers shall not request the Paying Bank to acknowledge the receipt of a DDM in any format e.g. by telephone or letter, before the first Direct Debit is presented.

5. **PAYING BANKS RESPONSIBILITIES – DIRECT DEBITS**

- 5.1 Collecting Direct Debits using Paper Vouchers is not allowed in DDACC.
- 5.2 Where the DDM is held, the Service Provider shall not ask the Paying Bank to make payment by any other means.

6. **PAYER'S RESPONSIBILITIES TO THE BANK**

- 6.1 The payer has the obligation to ensure that there are sufficient available cleared funds in the account so that the Bank can execute the Direct Debit.
- 6.2 The payer accepts that the bank may refuse to execute a direct debit collection request where there are insufficient available cleared funds in the account as stated in clause 6.1.
- 6.3 The payer accepts that the bank is not obliged to execute any Direct Debit on a future date if the Direct Debit could not be made on the Due Date due to the lack of available funds in the Account or for any other reason.



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## APPENDIX V– DIRECT DEBITS AGREEMENT

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### 1 INTRODUCTION

This Agreement is a service agreement, which applies to Direct Debits between customer party to this agreement ("Service Provider") and the Bank ("Bank") and sets out the terms and conditions pursuant to which the Bank will provide the Direct Debit services (as defined below).

#### 1.1 DEFINITIONS

In this Agreement, the following words and phrases shall have the following meanings:

- 1.1.1 "Service Provider" means the organisation 'originating' requests for collection by Direct Debits payments;
- 1.1.2 "Bank" means any place of business of a bank or financial institution that is open to the public, and includes a mobile office and a banking machine installation;
- 1.1.3 "Direct Debit Instruction" means the instruction submitted to the Bank by the Service Provider to initiate a collection from a Direct Debit Payer via the Direct Debit services;
- 1.1.4 "Direct Debit Payer" means each person (whether an individual or a corporate entity or partnership) whose accounts are to be debited by means of the Direct Debit;
- 1.1.5 "DD" means Direct Debit;
- 1.1.6 "Collecting Bank" means the Bank maintaining the Service Provider's account;
- 1.1.7 "Paying Bank" means the Bank maintaining the Direct Debit Payer's account;
- 1.1.8 Any reference in this Agreement to a Clause or Schedule to this Agreement unless otherwise stated.

### 2 DIRECT DEBITS

- 2.1 In consideration of the amounts payable pursuant to Clause 5 and during the term of this Agreement, the Bank and/or Bank's subsidiaries or associates will provide to the Service Provider the DD services on the terms and conditions set out in this Agreement.
  - 2.1.1 For the purposes of this Agreement the "DD Services" means:
    - 2.1.1.1 Collecting the Service Provider's Direct Debit Instructions;
    - 2.1.1.2 reformatting Direct Debit Instructions from the Service Provider to the standard format of the clearing house and sending the Direct Debit Instructions as reformatted via the relevant agent to the clearing house or, if the Bank deems it appropriate, processing the Direct Debit Instructions itself and debiting the Direct Debit Payer's account in the amount specified in the Direct Debit Mandate in the local currency where such Direct Debit Payer's account is based;
    - 2.1.1.3 receiving the total amount of direct debits in relation to the Direct Debit Payers' accounts from the clearing house and crediting each Service Provider's account held with the Bank with an amount equal to the total amount of such direct debits;
    - 2.1.1.4 collecting details of returned or rejected Direct Debit transactions from the clearing house or Paying Bank, reformatting into a standardised format and supplying the transaction details to the Service Provider in a format to be mutually agreed;
    - 2.1.1.5 Collecting details of paid direct debit transactions and supplying the Service Provider for Direct Debit Payer's account update.
  - 2.1.2 The DD Services will be provided in accordance with the rules, operating procedures and timetables. Details of those operating procedures and timetables will be provided to the Service Provider on request.





3

### **DIRECT DEBITS DELIVERY AND SPECIAL FORMS**

- 3.1 Within thirty days of the date hereof or a date mutually agreed, the Service Provider will complete and return to the Bank the special forms required to participate in DD.
- 3.2 On the date hereof and from time to time thereafter the Service Provider may transmit via a mutually agreed telecommunications medium to the Bank in a pre-agreed format, its Direct Debit transactions and all relevant information relating to each Direct Debit Payer whose bank account is to be debited and the account of the Service Provider to be correspondingly credited pursuant to this agreement.

4

### **RETURNED OR REJECTED DIRECT DEBIT INSTRUCTIONS**

- 4.1 The Service Provider shall be obliged to reimburse or to pay to the Bank on demand a sum equal to any amount which had been previously credited to the Service Provider's account where such amount is to be repaid to the Direct Debit Payer's accounts in the event that it is discovered that,
  - 4.2 in the Bank's sole opinion an error has been made (for whatever reason) in debiting a Direct Debit Payer's account and/or crediting an account of the Service Provider, in either case, pursuant to this Agreement, or
- 4.3 The Direct Debit Payer has revoked the direct debit in accordance with the rules of DD. The Bank is hereby authorised in these circumstances and those covered in the DDACC Rules to debit the Service Provider's account for the purpose of obtaining such reimbursement or payment without the permission of the Service Provider.
- 4.4 The Service Provider agrees to pay to the Bank all fees associated with the direct debit, which are applied against the Bank by the Direct Debit Payer's bank in revoking or returning a Direct Debit Instruction.

5

### **FEES AND OTHER AMOUNTS**

- 5.1 The fees payable for the DD services will be mutually agreed between the Service Provider and the Bank.
- 5.2 The Service Provider shall be liable for and pay any value-added tax or duties arising in the provision of the DD services. The Bank shall have the right to review and modify the fees agreed between it and the Service Provider.

6

### **PERFORMANCE**

- 6.1 The Bank will perform in good faith and with reasonable care, as determined in accordance with the standards and practices of the banking industry, and the Bank and any other person(s) appointed by the Bank and its agents may use any communications, clearing or payment system, intermediary bank or other entity (each a "System") it reasonably selects; the Bank and any other person(s) appointed by the Bank performance is subject to the rules and regulations at any time of any System. The Bank shall not be liable to the Service Provider for any act or omission in connection with the DD services rendered by the Bank for any loss or damage which the Service Provider or any third party (including Direct Debit Payers) may sustain as a result of or in the course of the performance by the Service Provider / Agent of their obligations under or pursuant to this Agreement, save that the Bank shall be responsible for negligence fraud or wilful default by any Bank's appointed agent. Under no circumstances shall the Bank and/or the Bank's appointed agent be liable for any indirect, incidental or consequential loss (including loss or profit) even if advised of the possibility of such loss.
- 6.2 Neither the Service Provider nor the Bank nor any Bank's appointed agent will be responsible for any failure to perform any of its obligations under this Agreement if such performance would result in it being in breach of law, regulation or other requirement of any governmental or other authority in accordance



with which it is required to act or if its performance is prevented, hindered or delayed by a Force Majeure Event; in such case its obligations will be suspended for so long as the Force Majeure Event continues and, in the case of the Bank or any Bank's appointed agent, no other branch, subsidiary or affiliate shall become liable. "Force Majeure Event" means any event due to any cause beyond the reasonable control of the relevant party, such as restrictions on convertibility or transferability, requisitions, involuntary transfers, unavailability of any System, sabotage, fire flood, explosions, acts of God, civil commotion, strikes or industrial actions of any kind, riots, insurrection, war or acts of government.

- 6.3 Any obligation of the Bank or any Bank's appointed agent under this Agreement relating to any bank account or to the DD Services is subject to the laws (including governmental acts, orders, decrees and regulations) of Zambia

## **7 INDEMNITY**

- 7.1 In consideration of the Bank agreeing to make available the DD Services, the Service Provider hereby indemnifies the Bank in full against all losses, costs, claims, liabilities and expenses suffered or incurred by it arising under or in connection with the provision of the DD Services save to the extent that the relevant loss, cost, claim, liability or expense was suffered or incurred as a result of the fraud negligence or wilful default on the part of the Bank or its agent.
- 7.2 The Service Provider shall be required to execute the indemnity in accordance with the DDACC Rules.
- 7.3 The Service Provider may consider it necessary to seek insurance cover in respect of any indemnity liability pursuant to Clause 7.1 above.

## **8 REPRESENTATIONS**

- 8.1 During the course of this Agreement the Service Provider and (except in relation to Clause 8.1.5 below) the Bank (each for itself) represents to the other that:
- 8.1.1 It is duly organised, validly existing and in good standing in every jurisdiction where it is legally required so to be;
- 8.1.2 It has the power and authority to execute and deliver and to perform its obligations under this Agreement;
- 8.1.3 This Agreement is duly authorised, executed and delivered and is its enforceable, legal, valid and binding obligation.
- 8.1.4 It has obtained and complied with all necessary and appropriate consents, authorisations, regulations, laws and requirements for the purpose of its entry into and performance of this Agreement;
- 8.1.5 It has the full right and authority to disclose the details set out in the instructions to the Service Providers and to debit the accounts of each Direct Debit Payer specified in Direct Debit Instructions in the sums and at the times set out in instructions;
- 8.1.6 It will adhere to the rules and regulations of the DDACC system of Zambia.
- 8.2 Re-presentment of Direct Debits
- 8.2.1 An erring customer must be charged for each instance a Direct Debit transaction is unpaid within the re-presentment window a customer has signed up for.



## 9 DURATION AND TERMINATION

- 9.1 The Service Provider or the Bank may terminate this Agreement upon 30 days prior written notice, (or in the case of a material breach of this Agreement upon 5 days prior written notice).
- 9.2 Notwithstanding Clause 9.1 either the Bank or the Service Provider may terminate this Agreement by notice to the other party with immediate effect if there is in the bank's or the Service Provider's reasonable opinion any material change in the law regulatory reporting requirements or accounting or tax treatment in connection with, or the regulation of the DD or if in the Bank's reasonable opinion it is unable to carry out the DD Services due to any Service Provider terminating its obligation to carry out the DD Services.
- 9.3 On termination of this Agreement the Service Provider will return to the Bank all related information and equipment supplied by the Bank or any Bank' appointed agent within reasonable period.
- 9.4 Notwithstanding any such termination, the indemnity contained in Clause 7 and the obligations of the Service Provider under Clause 65.11 shall survive such termination.

## 10 GENERAL

- 10.1 Neither the Service Provider nor the Bank may assign or transfer any of its rights or obligations under this Agreement without the other's written consent, which will not be unreasonably withheld or delayed, provided that the Bank may make such an assignment or transfer to a branch, subsidiary or affiliate if it does not materially affect the provision of the DD Services to the Service Provider.
- 10.2 If any provision of this Agreement becomes illegal, invalid or unenforceable under any applicable law, the remaining provisions of this Agreement will remain in full force and effect (as will that provision under any other law).
- 10.3 No failure or delay of the Service Provider or the Bank in exercising any right or remedy under this Agreement will constitute a waiver of that right. Any waiver of any right will be limited to the specific instance.
- 10.4 The Bank and each Bank's appointed agent will treat information relating to the Service Provider as confidential but (unless consent is prohibited by law) the Service Provider consents to the transfer and disclosure by the Bank or any Bank's appointed agent of any information relating to the Service Provider to and between the branches, subsidiaries, representative offices, affiliates and agents of the Bank and third parties selected by any of them, wherever situated, for confidential use in connection with the provision of the DD Services and for data processing, statistical and risk analysis purposes. The Bank and any branch, subsidiary, representative office, affiliate agent or third party may transfer and disclose any such information as required by any law, court, regulator or legal process.
- 10.5 The Service Provider and the Bank consent to telephonic or electronic monitoring or recording for security and quality of service purposes and agree that any of them may produce telephonic or electronic recordings or computer records as evidence in any proceedings brought in connection with this Agreement.
- 10.6 Written notice shall be effective if delivered to the Service Provider's principal business address (or at any other address it may provide by written notice for this purpose). Notices shall be in English unless otherwise agreed.
- 10.7 Except as otherwise provided herein, this Agreement may be modified only in writing signed by the Bank and the Service Provider. This Agreement constitutes the entire agreement with respect to the DD



services and supersedes any prior or contemporaneous oral or written agreements signed by the Bank and the Service Provider.

10.8 This Agreement and any portion thereof may be executed in counterparts.

11 **LAW; JURISDICTION; IMMUNITY**

11.1 This Agreement shall be governed by and interpreted under the Laws of Zambia.

11.2 Each of the Service Provider and the Bank waives any right it may have to immunity from legal proceedings or execution.



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## APPENDIX VI – VALID EFT CODES

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### 1 General Record Codes

#### 1.1 Control Record Codes

Code 00, 88 and 99 reserved for Header, Control Voucher and Trailer codes

Code	Description
00	Header Record
88	Control Voucher
99	Trailer Record

#### 1.2 Control Voucher Types

Code 50 to 59 reserved for Control Voucher type Codes

Code	Description
52	EFT Direct Credits
53	EFT Direct Debits
54	EFT Unpaid
55	EFT Unapplied
56	EFT Direct Debit Reversal
57	EFT Direct Debit Unpaid Reversal
58	EFT Direct Credit Reversal
59	EFT Direct Credit Unapplied Reversal

#### 1.3 File Types

Code 30 to 50 reserved for Files Types

Code	Description
33	Discrepancy File
34	EFT Debit File
35	EFT Credit File
36	EFT Debit Reversal File
37	EFT Credit Reversal File
38	Interbank Net Settlement File
39	Consolidated Net Settlement File
40	EFT ZRA File
41	EFT RTGS File

#### 1.4 Currency Code

Code 60 to 79 reserved for Currency Codes

Code	Description	Currency Name
60	ZMK	Old Zambian Kwacha
61	USD	United States Dollar
62	GBP	United Kingdom Pound
63	EUR	Euro



Code	Description	Currency Name
64	ZAR	South African Rand
65	BWP	Botswana Pula
66	MWK	Malawi Kwacha
67	MZN	Mozambique Metical
68	NAD	Namibia Dollar
69	ZMW	Zambian Kwacha
<b>70-79</b>	<b>Reserved for future use</b>	

## 1.5 Charges and Fines

Code 400 to 450 reserved for Charges and Fines

CODE	INTERPRETATION
400	Invalid Account details in codeline or no codeline
401	Inter-bank Remittance Commission
402	Standard charge
403	Exception charge
404	Unpaid/Unapplied charge
405	Totals Error fine
406	Wrong Stamp fine
407	Clearing House fine
<b>408 - 450</b>	<b>Reserved for future use</b>



## 2 EFT Record Codes

### 2.1 EFT Transaction Types

Code 200 to 299 reserved for EFT Transaction Types

Code	Description
200	Salary
201	Wage
202	Pension Monthly
203	Pension Lump sum
204	Property Rent
205	Water Bill
206	Electricity Bill
207	Phone Bill
208	Medical Bill
209	Television Bill
210	Insurance Premium
211	Money Transfer
212	VAT Payment
213	PAYE Payment
214	Company tax
215	PAYE
216	Withholding taxes/Dividends
217	Mineral royalty
218	Rural Electrification Levy
219	Fuel levy
220	Carbon Tax
221	Trade taxes
222	Import VAT
223	Customs duty
224	Export duty
225	Windfall
226	Dividend
227	Loan Installment
228	Lease Rental
229	Rates
230	School Bill
231-299	Reserved for future use

### 2.2 Return Reason Codes for EFT

CODES		APPLICABLE TO	
Code	Description	Unpaid	Unapplied
001	Account Closed	Y	Y
004	Payer deceased	Y	Y
006	Unable to clear (only when bank is closed and/or locked out of the clearing order)	Y	Y
009	Presentation Overdue	Y	N
010	Account Frozen	Y	Y
013	Refer to Drawer due to lack of funds	Y	Y



CODES		APPLICABLE TO	
Code	Description	Unpaid	Unapplied
016	Refer to Drawer-Winding up petition	Y	Y
019	No account (OR wrong account type)	Y	Y
020	Account transferred	Y	Y
023	Wrongly Delivered	Y	Y
030	Time Barred	Y	Y
040	Duplicate funds	Y	Y
070	No mandate held	Y	N
071	Mandate cancelled	Y	N
072	Service Provider differs	Y	Y
073	Invalid account type	Y	Y
074	Bank will not accept Direct Debits on account	Y	N
075	Mandate has expired	Y	N
076	Advance notice disputed	Y	N
078	Debit in Excess of Direct Debit Authority	Y	N
079	Name of Account Required	Y	Y
080	Amount not yet due	Y	N
081	Wrong Return reason code used	Y	Y
082	Unpaid record does not match original presentment record	Y	N
087	Funds attached -Garnishee Order	Y	Y
088	Items Wrongly sent	Y	Y
	<b>Reserved for future use</b>		





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## APPENDIX VII – COMPLIANT PROCEDURE

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A participant shall endeavour to resolve the customers problem within working days. The complaint procedure shall be as follows:

1. A customer shall lodge a formal complaint to the bank and get an acknowledge receipt;
2. Where the matter is not resolved after 7 working days, the customer may write to the Chairman of the Bankers Association of Zambia enclosing copies of all correspondence for consideration on the address below:

Chairman  
Bankers Association of Zambia  
Mukuba Pension House, Dedan Kimathi Road  
Box 31936  
Lusaka  
Zambia.  
Email: [bazsecretariate@baz.co.zm](mailto:bazsecretariate@baz.co.zm)

3. Where the matter remains unresolved after seven (7) days of submission to the Chairman of the Bankers Association of Zambia, the customer may appeal to the Bank of Zambia on the address below:

The Director-Banking, Currency & Payment Systems  
Bank of Zambia  
Box 30080  
Lusaka  
Zambia  
Email: [pr@boz.zm](mailto:pr@boz.zm)



## SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES

DIRECT DEBIT AND CREDIT CLEARING					
SETTLEMENT TIMES	INTERIM SESSION	TRANSMISSION END TIME	DISTRIBUTION TIME	GENERATION OF SETTLEMENT FILE	SETTLEMENT TIME
One	1	08:30 hours	08:30 hours	09:35 hours	10:05 hours
	2	09:00 hours	09:00 hours		
	3	09:30 hours	09:30 hours		
Two	1	10:00 hours	10:00 hours	11:35 hours	12:05 hours
	2	10:30 hours	10:30 hours		
	3	11:00 hours	11:00 hours		
	4	11:30 hours	11:30 hours		
Three	1	12:00 hours	12:00 hours	14:05 hours	14:35 hours
	2	12:30 hours	12:30 hours		
	3	13:00 hours	13:00 hours		
	4	13:30 hours	13:30 hours		
	5	14:00 hours	14:00 hours		
Four*	1	14:30 hours	14:30 hours	15:05 hours	15:35 hours
	2	15:00 hours	15:00 hours		

\* Session Four is restricted to clearing credit transactions only. No debit transaction shall be sent in this session.



## **SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES**

The following shall be the minimum service standards apply to funds transfer related services through Direct Debit and Credit Transfer (DDACC):

### **1. Direct Credit Transmission and Settlement Times**

SESSIONS	PROCESSING TIME	WHERE CUSTOMER INSTRUCTIONS ARE RECEIVED BY THESE TIMES		BENEFICIARY'S ACCOUNT AT THE RECEIVING BANK TO BE CREDITED NO LATER THAN
		ELECTRONIC INSTRUCTION	MANUAL INSTRUCTION	
One	08:00 to 09:30 hours	09:00 hours	08:30 hours	10:30 hours
Two	Up to 11:30 hours	11:00 hours	09:30 hours	12:30 hours
Three	Up to 14:00 hours	13:30 hours	11:30 hours	15:00 hours
Four*	Up to 15:00 hours	14:30 hours	13:00 hours	15:45 hours

\*Instructions received after final cutoff time that is 14:30 hours for electronic channels and 13:30 hours for manual instructions may be processed in session one of the next business day. Funds which are not credited to the beneficiary's account shall be returned to the originating customers account in the following session.

### **2. Direct Debit Transmission and Settlement Times**

SESSIONS	PROCESSING TIME	A SERVICE PROVIDER SHALL SUBMIT VALID INSTRUCTIONS BY	PAYING CUSTOMER'S ACCOUNT AT THE RECEIVING BANK TO BE DEBITED NO LATER THAN*	SERVICE PROVIDER'S ACCOUNT TO BE CREDITED IRREVOCABLY BY THE COLLECTING BANK NO LATER THAN
One	08:00 to 09:30 hours	09:00 hours	10:30 hours	16:00 hours
Two	Up to 11:30 hours	11:00 hours	12:30 hours	10:30 hours next business day
Three	Up to 14:00 hours	13:30 hours	15:00 hours	10:30 hours next business day
Four*	Up to 15:00 hours	Not applicable	Not applicable	Not applicable

\*A paying customer shall ensure that sufficient funds are provided on the respective account on the due date



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**SCHEDULE III – ZECHL MAXIMUM CHARGES**

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Description		Penalty
1	Delayed Credit	As per Clauses 3.60– Compensation for Undue Enrichment
2	Delayed submission of EFT file	As per Clause 3.60 – Compensation for Undue Enrichment
3	Incorrect Return Reason code	ZMW50.00 per item
4	Sending Unpaid Direct Debit More Than 3 Times	ZMW50 per item
5	Failure to send EFT transactions with adequate narrations	ZMW50.00 per transaction



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#### **SCHEDULE IV - MAXIMUM CHARGES AND FEES**

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Charge for unpaid items for lack of funds	Shall be in accordance with directives as issued by the Bank of Zambia as per Section 43 (1) of the National Payment Systems Act No. 1 of 2007 on cheques and Direct Debits instructions that are dishonored due to insufficiently funded accounts and as amended from time to time.
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## SCHEDULE V – RETURN REASON CODES

Unpaid Code	Reason	Circumstances	Special Instructions/ Information
001	Account closed	Payer has closed their account for an unknown reason	If the Direct Debit is to continue the Service Provider shall obtain a new DDM for a different/new account
002	Account transferred	Account transferred to another bank	New DDM to be obtained from Payer, collection shall be suspended until the new DDM set is up and Advance Notice issued to Payer
010	Payer deceased		
016	Funds attached	Garnishee order	
019	No account (OR wrong account type)	Account Number is not recognized at the Paying Bank	Service Provider should check DDM information and/or liaise with Payer
071	Mandate cancelled	Mandate cancelled by Payer or his bank	Service Provider shall liaise with Payer to agree the payment method for collection of any outstanding funds
023	Refer to Payer	A Payer's Bank is not in a position to pay the Direct Debit, (for some reason other than the exception below). OR The service or Garnishee Order or Arrestment on the Payer's account, his bankruptcy, liquidation or appointment of receiver	Service Provider may represent up to one month from original processing day – it is recommended that the Payer is notified of this 5 working days in advance of the representation. Service Provider will need to establish from the Payer the reason for non-payment and likelihood of payment upon representation
024	Refer to drawer winding petition		
076	Advance Notice disputed	Payer disputes time, amount or frequency of Advance Notice and has requested single payment to be countermanded	Service Provider should not collect further Direct Debits until it has resolved the dispute with the Payer
029	No mandate	No mandate held with Paying Bank	Service Provider should check DDM information and/or liaise with Payer and if appropriate obtain new mandate
065	Amount differs	Payer states the amount of the Direct Debit differs from the amount in any existing fixed mandate or Advance Notice to Payer	Service Provider should not collect further Direct Debits until it has resolved the dispute with the Payer
080	Amount not yet due	Payer states date of debiting is in advance of the due date specified in any existing fixed DDM or Advance Notice to the Payer DDACC Service Providers only – It is less than 5 working days since the DDM was lodged	Service Provider should not collect further Direct Debits until it has resolved the dispute with the Payer
009	Presentation overdue	Payer states date of presentation is more than 3 working days after due date on fixed DDM or	Service Provider shall give further Advance Notice to the Payer before Direct Debit is collected



		Advance Notice to Payer OR Re-presentation of Unpaid Direct Debit is more than one month from original Direct Debit processing day	
072	Service Provider differs	Identity of Service Provider differs from DDM	
034	Mandate amended	Paying Bank will advise amendment	Service Provider should collect Direct Debit using new details.
035	Mandate re-instated	Paying Bank may re-instate a cancelled DDM up to two months from cancellation	Service Provider may resume direct debiting under the reinstated mandate. However, a new DDM shall be obtained and lodged if re-instatement is identified after the two month period
073	Invalid account type	Paying Bank does not allow Direct Debits on this type of account	Service Provider will need to obtain new account details from the Payer The Direct Debit cannot be applied
074	Bank will not accept Direct Debits on account	Paying Bank does not allow Direct Debits on this account	Service Provider shall liaise with Payer and obtain a new DDM for a different/new account
075	Mandate has expired	Occurs when an Service Provider attempts to convert a DDM which is shown as expired on the Paying Bank's database	A DDM will be required to re-activate this DDM if collections are to resume Service Providers shall ensure they have the Payer's authorization to collect under expired mandate
039	Account transferred to a different branch of the Bank	New account details supplied to the Service Provider	Service Provider shall apply change to data file and continue with Direct Debit collections.
40	Duplicate Items	A transaction that has been duplicated OR wrongly sent by either Presenting Bank or Service Provider	
41	Failure to include reasons for return by Paying Bank"	Where the Paying Bank fails to include the reason codes for returning Direct Debits	
42	Exceeds ZECH limit	Where a Collecting Bank collects an item above the Item Value Limit	



## SCHEDULE VI – SUMMARY OF CHANGES SINCE 6<sup>TH</sup> MARCH 2020 ZECHL - EFT RULES

REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
	All clauses with the following words: 1. 'Must' 2. 'Bank/Financial Institution'	All clauses with the following words globally changed: 1. 'Must' to 'Shall' 'Bank/Financial Institution' to 'Participant'
3 3.1	<b>INTERPRETATION</b> <b>Acknowledgement</b> Confirmation by the Service Provider to the Service Provider of lodgement of a DDM.	<b>INTERPRETATION</b> 3.1 <b>Acknowledgement</b> Confirmation by the paying participant to a collecting participant that a lodged DDM has been accepted.
3.5	<b>Bank</b> A company that holds a banking license under the Banking and Financial Services Act 2000.	3.5 <b>bank</b> A company authorised to conduct banking business in accordance with Banking and Financial Services Act, 2017.
3.6	<b>BOZ</b> The Bank of Zambia.	3.6 <b>Bank</b> The Bank of Zambia established in accordance with the Constitution.
3.15	<i>Not available</i>	3.15 <b>Clearing House Interface (CHI) Client</b> A Clearing House Interface (CHI) Client is a system that is supplied by ZECHL and enables a participant to connect to the ZECH system. It enables secure transmission of clearing files, checking of settlement positions for each current clearing session, transfer of non-clearing files, guest banking, messaging and reporting.
3.21	<i>Not available</i>	3.21 <b>Direct Credit</b> A direct credit is a credit transfer instruction sent by a payer to its bank requesting that a defined amount of funds be transferred to the account of the payee.
3.22	<b>Direct Debit</b> Direct Debits are customers' authority for beneficiaries to claim payments (variable in amount and frequency) from the customers' accounts, as well as customers' instructions to their bank to allow the taking of those payments.	3.22 <b>Direct Debit</b> A Direct Debit is a pre-authorised debit on the payer's bank account using a DDM and is initiated by the payee.
3.24	<b>Disaster Recovery Site</b> The Disaster Recovery (DR) site for the ZECH is in Ndola.	3.24 <b>Disaster Recovery Site</b> The Disaster Recovery (DR) site for the ZECH in Ndola.
3.30	<b>Participating Non-Bank Financial Institution</b> A Participating Non-Bank Financial Institution is a Non-Bank Financial Institution that directly participates in the Interbank Clearing but settles its settlement obligations through a Settlement Sponsor Bank.	3.30 <b>Financial Institution</b> A company, other than a bank, providing a financial service.
3.31	<i>Not available</i>	3.31 <b>Guest Bank</b> The Guest Bank is a facility on the CHI Client system that is used by a bank/financial institution to upload and/or download clearing files to and from the ZECH in the event a bank/financial





REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
		institution experiences a network failure and cannot connect to the ZECH system.
3.46	<b>Recalls (Recall Files)</b> Recalls refers to files erroneously generated and initiated by the Originating Bank within the same session.	3.46 <b>Recalls</b> Recalls is the process of cancelling files that were erroneously generated and transmitted to ZECH by the originating bank/financial institution. The files must be recalled within the same interim session.
3.49	<i>Not available</i>	3.49 <b>Reject/Rejected</b> The refusal by the paying participant to accept a DDM lodged by the collecting participant.
3.51	<b>Reversal Files</b> Reversal Files refers to files erroneously generated, processed and participated in the day's clearing and have to be reversed by the originating bank/ financial institution which shall not be older than 5 business days.  Beyond 5 days, there will be no validation. banks/ financial institution will send Reversal files as per Clause 13.  No debit mandate will be required to effect reversal transactions on customers' accounts.	3.51 <b>Reversal Files</b> Reversal Files refers to files generated to correct erroneously generated and processed files that have to be reversed by the originating participant. Reversal Files shall be generated within 5 business days from the date of the corresponding erroneous files.  The ZECH system shall not validate reversal files that are sent after the stipulated 5 business days. A participant shall send Reversal files as per Clause 15.  The bank has the right to debit all funds wrongly credited to a customer's account, where the account is funded, including accrued interest thereon to correct the anomaly without obtaining a customer's prior authority.
3.59	<i>Not available</i>	3.59 <b>Sponsor Participant</b> A participant maintaining the Service Provider's account
3.64	<i>Not available</i>	3.64 <b>Valid Mandate</b> A mandate that has been duly authorized by the paying Participant on the ZECH System.
4.4	<b>Eligible Items for DDACC</b>	4.4 <b>Eligible Items for DDACC</b>
4.4.1	<i>Moved from Clause 9</i>	4.4.1 Payments that may be made by direct debits/credits include:  4.4.1.13 Mortgage and other loan repayments 4.4.1.14 Insurance and personal pension premiums 4.4.1.15 Rates and community charge instalments 4.4.1.16 Minimum amount due to credit card issuers 4.4.1.17 Subscriptions to large clubs and associations



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
		<p>4.4.1.18 Utilities (e.g. electricity, telephone, water, TV rental, rents, medical, schools)</p> <p>4.4.1.19 Equipment rental and maintenance</p> <p>4.4.1.20 Dispersal credits – These are multiple credits originated by one customer to a number of different accounts at various banks e.g. monthly salaries by an employer.</p> <p>4.4.1.21 Third Party payments – These are payments of cash by a person across a bank's counter for the benefit of a third party holding an account with another participating bank/financial institution.</p> <p>4.4.1.22 Standing orders issued by customers</p> <p>4.4.1.23 Standing orders from other participating banks/financial institution</p> <p>4.4.1.24 Transactions from shared facilities including Automated Teller Machines (ATMs) and Electronic Funds Transfer Point of Sale (EFTPOS).</p>
<p>5</p> <p>5.2</p> <p>5.2.1</p>	<p><b>THE ZECH FACILITY</b></p> <p><i>Not available</i></p> <p><i>Not available</i></p>	<p><b>THE ZECH FACILITY</b></p> <p><b>5.2 Direct Debit Mandate Module</b></p> <p>5.2.1 ZECHL shall provide a centralized Direct Debit Mandate (DDM) module that will hold and validate all the DDMs that customers sign up with Direct Debit (DD) Service Providers. A DD Service Provider shall submit duly-signed DD mandate to the Collecting Bank. The Collecting Bank shall submit the DD mandate to ZECHL through the CHI Client. The Paying Bank shall action the DD mandate at ZECHL through the CHI Client.</p>
<p>5.4</p> <p>5.4.5</p>	<p><b>DDACC Clearing Sessions and Settlements</b></p> <p>All DDACC transactions transmitted or delivered to the ZECH shall be for instant value and settlement at times designated in SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.</p>	<p>5.4 <b>DDACC Clearing Sessions and Settlements</b></p> <p>5.4.5 All DDACC transactions transmitted or delivered to the ZECH shall be for value at times designated in SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES.</p>
<p>5.6</p> <p>5.6.2.9</p>	<p><b>ZECH Obligations on Receipt of a DDACC Input File from the Presenting Bank/Financial Institution</b></p> <p>No further validation shall be permitted.</p>	<p>5.6 <b>ZECH Obligations on Receipt of a DDACC Input File from the Presenting Bank/Financial Institution</b></p> <p><i>5.6.2.9 Deleted</i></p>
<p>5.7</p> <p>5.7.1</p>	<p><b>Charges for Processing Incorrect and Incomplete Data Files</b></p> <p>The charge for any incorrect or incomplete data file shall be the Kwacha amount specified in</p>	<p><i>5.7 Deleted</i></p> <p><i>5.7.1 Deleted</i></p>



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
	SCHEDULE II – ZECHL MAXIMUM CHARGES.	
6	<b>SENDING BANK RESPONSIBILITIES</b>	<b>6 PARTICIPANT'S RESPONSIBILITIES</b>
6.1	<b>Sending Bank of Direct Credit</b> <i>Not available</i>	<b>6.1 Sending Direct Credits</b> The sending participant shall exercise the following responsibilities with respect to Direct Credit transfer instruction:
6.1.1	<i>Not available</i>	6.1.1 Validate the name and account number for the customer initiating the remittance;
6.1.2	It shall be the responsibility of the collecting bank to exercise a duty of care on customer instructions to transfer funds through DDACC to the credit of an account at another bank.	6.1.2 Exercise a duty of care on customer instructions to transfer funds through DDACC to the credit of an account at another bank;
6.1.3	<i>Not available</i>	6.1.3 Ensure that Electronic Data Files do not include Direct Credit transactions above the amount prescribed by the Bank before transmission and/or delivery to the ZECH;
6.1.4	Shall ensure that the Direct Credit transfer instruction is time-date stamped when received at the bank/financial institution for processing.	6.1.4 Ensure that the Direct Credit transfer instruction is time-date stamped when received at the participant for processing;
6.1.5	Shall process funds instructions in line with the service standards.	6.1.5 Process funds instructions in line with the service standards;
6.1.6	Shall publish the bank branch sort codes for the customers' use.	6.1.6 Publish the bank branch sort codes for the customers' use;
6.1.7	Shall sensitise the customers on proper account conduct.	6.1.7 Sensitise the customers on proper account conduct; and
6.1.8	Shall endeavour to resolve the customer's complaint within 7 business days as per APPENDIX VII – COMPLIANT PROCEDURE.	6.1.8 Endeavour to resolve the customer's complaint within 7 business days as per APPENDIX VII – COMPLIANT PROCEDURE.
6.2	<b>Sending Bank of Direct Debit</b> The sending bank/financial institution has the following responsibilities with respect to Direct Debit files:	<b>6.2 Sending Direct Debits</b> <b>The sending participant shall exercise the following responsibilities with respect to Direct Debit:</b>
6.2.1	Shall give all Direct Debits value at times specified in SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES.	6.2.1 Give all Direct Debits value at times specified in SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES;
6.2.2	Shall ensure to forward a duly completed direct debit mandate to paying bank on behalf of the service provider.	6.2.2 Ensure to forward a duly completed direct debit mandate to paying bank on behalf of the service provider;
6.2.3	<i>Not available</i>	6.2.3 Ensure that prior to sending a Direct Debit transaction to ZECH, a DDM from the customer has been duly authorized on the ZECHL system by the paying bank;
6.2.4	<i>Not available</i>	6.2.4 Ensure that Electronic Data File do not include direct debit transactions above the amount prescribed by the Bank before transmission and/or delivery to the ZECH;



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
6.2.5	Shall ensure to send the Direct Debit file to the paying bank on the respective due date.	6.2.5 Ensure to send the Direct Debit file to the paying bank on the respective due date; and
6.2.6	Shall ensure that only valid direct debit transaction is sent to the paying bank as prescribe in the Zambia Electronic Clearing House (ZECH) Rules.	6.2.6 Ensure that only valid Direct Debit transaction is sent to the paying bank as prescribe in APPENDIX I – ELECTRONIC FILE TRANSFERS (EFT) SPECIFICATIONS.
6.3.2 6.3.2.4	<b>DDACC Input File</b> A transaction in a credit batch shall not have a value of exceeding K500,000.00.	6.3.2.4 Deleted
6.3.2.5	A transaction in a debit batch shall not have a value exceeding K75,000.00.	6.3.2.5 Deleted
6.4 6.4.4	<b>Transmission of Electronic Data Files</b> An Electronic Data File of the items and batches sent to the ZECHL shall be generated to match the images.	6.4 <b>Transmission of Electronic Data Files</b> 6.4.4 Deleted
6.4.5	Each image shall be digitally signed.	6.4.5 Deleted
6.4.7	The Electronic data file shall be transmitted electronically via dedicated network and exceptionally by external storage media.	6.4.5 The electronic data file shall be transmitted electronically using the CHI Client via dedicated network and exceptionally by external storage media in the event of a network failure.
6.4.8	The bank's representative shall deliver the external media to the ZECHL under exceptional circumstances.	6.4.6 The bank's representative shall deliver the external media to the ZECH or the nearest bank/financial institution under exceptional circumstances when there is a network failure. The outward files shall be encrypted to disk using the CHI Client before they are delivered to the ZECH or the nearest bank/financial institution for Guest-Banking.
6.4.9	<i>Not available</i>	6.4.7 At the ZECH or the nearest bank/financial institution, the encrypted outward files will be upload to ZECH using the Guest Bank facility on the CHI Client.
6.4 6.4.1	<b>Preparation of Electronic Data File</b> An Electronic Data File of the items and batches sent to the ZECHL shall be generated to match the images.	6.4 <b>Preparation of Electronic Data File</b> 6.4.1 Deleted
6.4.2	Each image shall be digitally signed.	6.4.2 Deleted
6.5 6.5.1	<b>Notification of Net Settlement Positions</b> The ZECH shall notify the participating bank's/financial institution's designated office at the participating bank's Head Office of the Net Settlement Position.	6.5 <b>Notification of Net Settlement Positions</b> 6.5.1 The ZECH shall notify the participating bank's/financial institution's designated office of the Net Settlement Position through the CHI Client.
7.3	<b>The Receiving Bank's Obligations on Receipt of Credits Via DDACC</b>  <i>Not available</i>	7.3 <b>Receiving Direct Credits: The Receiving Bank's Obligations on Receipt of Credits Via DDACC</b>  The responsibilities of the participant shall include the following:



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
7.3.1	Shall validate that the beneficiary's account name and account number are correct.	7.3.1 Validate that the beneficiary's account name and account number are correct;
7.3.2	Shall credit customers' accounts for immediate value upon receipt of credit in the DDACC settlement.	7.3.2 <i>Deleted</i>
7.3.3	The receiving bank shall credit for immediate value the customer's account in respect of credit received via DDACC.	7.3.3 <i>Deleted</i>
7.3.2	Shall immediately credit the customer's account in respect of the credit(s) received via each DDACC settlement.	7.3.2 Credit the customer's account in respect of the credit(s) received via each DDACC settlement at times designated in SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES;
7.3.3	Shall apply credit to the customer's account in line with the service charter.	7.3.3 Apply credit to the customer's account in line with the service charter;
7.3.4	Failure by the receiving bank to give same day value to a customer shall result in penalties provided for under the undue enrichment provisions in these rules; Clause 62.	7.3.4 Failure by the receiving bank to give same day value to a customer shall result in penalties provided for under the undue enrichment provisions in these rules; Clause 16.
7.3.5	Shall reverse all wrongly credited amounts from the customer's account as soon as the anomaly is discovered to without obtaining authority from the customer.	7.3.5 Reverse all wrongly credited amounts from the customer's account as soon as the anomaly is discovered to without obtaining authority from the customer.
7.3.6	Shall publish the bank branch sort codes for the customers' use.	7.3.6 Publish the bank branch sort codes for the customers' use.
7.3.7	Shall provide electronic notification to the customer to track all activities on the account.	7.3.7 Provide electronic notification to the customer to track all activities on the account.
7.4 7.4.3	<b>Unapplied Direct Credits</b> Wrongly cleared bills payable in the local clearing areas are not to be returned to the clearing centre/presenting ZECH participating bank/ financial institution's branch but should be credited to the paying ZECH participating bank/financial institution's branch via DDACC.	7.4 <b>Unapplied Direct Credits</b> 7.4.3 <i>Deleted</i>
7.4.4	The banks shall ensure that credits received with incorrect details are not applied. No manual intervention shall be used to make any corrections.	7.4.3 The banks shall ensure that credits received with incorrect account numbers are not applied. No manual intervention shall be used to make any corrections.
7.4.6	Unapplied Credits shall be sent back with transaction code 97 with return reason codes as detailed in SCHEDULE IV – RETURN REASON CODES.	7.4.6 Unapplied Credits shall be sent back with return reason codes as detailed in SCHEDULE IV – RETURN REASON CODES.
7.5	<b>Paying Banks' Obligations on Receipt of a Direct Debit for a Customer's Account</b>  <i>Not available</i>	7.5 <b>Paying Participants' Obligations on Receipt of a Direct Debit for a Customer's Account</b> The responsibilities of the participant shall include the following:
7.5.1	Each paying bank shall, prior to accepting a Direct Debit against a customer's account have in its	7.5.1 Prior to accepting a Direct Debit from ZECH, each paying participant shall have a valid



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
	possession a valid authority (mandate) from the customer to accept that debit.	mandate in the ZECH system for the customer to accept that debit.
7.5.2	Each paying bank shall, prior to accepting a direct debit against a customer's account have in its possession a valid indemnity from the beneficiary's bank with respect to all debit instructions issued to the paying bank.	7.5.2 Prior to accepting a Direct Debit each paying participant shall have in its possession a valid indemnity from the beneficiary's bank with respect to all debit instructions issued to the paying participant.
7.5.4	It is the paying bank's responsibility to process and determine the fate of items presented to it by the collecting bank for settlement.	7.5.4 Processing and determining the fate of items presented to it by the collecting participant for settlement.
7.5.5	The Payer's branch shall accept Direct Debits originated under the DDM upon the understanding that it shall verify or check that the payment conforms to the terms of the DDM or any purpose or condition of payment expressed in the DDM is fulfilled.	7.5.5 Accept Direct Debits originated under the DDM upon the understanding that it shall verify or check that the payment conforms to the terms of the DDM.
7.5.6	The paying bank shall quote the appropriate return reason code on the electronic record the standard reason for return of the EFT Eligible Item.	7.5.6 Quote the appropriate return reason code on the electronic record the standard reason for return of the EFT Eligible Item.
7.5.7	Only answers listed in the Schedule of Standard Answers for returning Eligible Items, Unpaid and Unapplied (Returned Items) shall be used (see APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS).	7.5.7 Use only the answers listed in the Schedule of Standard Answers for returning Eligible Items, Unpaid and Unapplied (Returned Items) (see APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS).
7.5.8	A returned unpaid item with answer "Refer to Drawer" shall not be re-presented for payment through the ZECH.	7.5.8 Not re-present for payment through the ZECH an unpaid item returned with answer "Refer to Drawer".
7.5.9	A returned unpaid item for technical reasons shall be re-presented for payment through the ZECH.	7.5.9 Re-present for payment through the ZECH an unpaid item returned for technical reasons.
7.5.10	The paying bank shall verify payment details contained in the electronic journals accompanying the image files and ensure that the details match. The paying bank shall also quote the appropriate return reason code on the electronic record.	7.5.11 Deleted
7.5.10	Shall collect and remit regulatory penalties when a customer bounces a Direct Debit transaction due to insufficient funds.	7.5.10 Collect and remit regulatory penalties when a customer bounces a Direct Debit transaction due to insufficient funds.
7.5.11	Shall withdraw the Direct Debit mandate arrangement where a customer bounces a Direct Debit transaction three times in twelve consecutive months.	7.5.11 Shall withdraw the Direct Debit mandate arrangement where a customer bounces a Direct Debit transaction three times in twelve consecutive months starting from the first bounced direct debit transaction.
7.5.12	Shall report a customer that bounces a Direct Debit transaction to the Credit Reference Bureau in line with the National Payment Systems Directive on unpaid cheques and direct debit transactions.	No change
7.6	<b>Unpaid Items</b>	7.6 <b>Unpaid Items</b>
7.6.3	A returned unpaid item with answer "Refer to Drawer" shall not be re-presented for payment through the ZECH.	7.6.3 Deleted





REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
7.6.4	A returned unpaid item for technical reasons shall be re-presented for payment through the ZECH.	7.6.3 A returned unpaid item for technical reasons may be re-presented for payment through the ZECH.
7.7 7.7.1	<b>Handling of Unpaid Items</b> Any returned item shall be returned the following business date and shall contain the reason code and date through the ECH.	7.7 <b>Handling of Unpaid Items</b> 7.7.1 Any unpaid item shall be returned as prescribed under SCHEDULE 1 – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES and shall contain the reason code and date through the ECH.
8 8.1	<b>REQUESTING CUSTOMER</b> <i>Not available</i> As a requesting customer for an EFT transfer, the customer has the following responsibilities:	8 <b>CUSTOMER RESPONSIBILITIES</b> 8.1 <b>Requesting for Direct Credits</b> A customer requesting for a Direct Credit transfer has the following responsibilities:
8.1.1	Shall ensure that the account is adequately funded for the EFT transfer to be effected.	8.1.1 Shall ensure that the account is adequately funded for the Direct Credit transfer to be effected.
8.1.2	Shall ensure that the EFT transfer instruction is time-date stamped when delivered to the bank.	8.1.2 Shall ensure that the Direct Credit transfer instruction is time-date stamped when delivered to the bank.
8.1.3	Shall ensure that the following correct details are provided in the instruction:	8.1.3 Shall ensure that the following correct details are provided in the Direct Credit instruction:
8.1.3.1	<b>Your identification details:</b>	8.1.3.1 <b>Customer identification details:</b>
8.1.3.2.2	Beneficiary's bank account number (13 digits).	8.1.3.2.2 Beneficiary's bank account number (13 digits). It is the responsibility of the customer who initiated the remittance to ensure that the beneficiary's account number is correct.
8.1.4	Be honest and sincere dealings on the bank account.	8.1.4 Be honest and conduct sincere dealings on the bank account.
8.2	<b>Additional Responsibility for a Direct Debit Instruction</b> The customer has the following additional responsibilities for a Direct Debit Transfer:	8.2 <b>Requesting for Direct Debits</b>  The responsibilities of a customer requesting for a Direct Debit transfer shall include the following:
8.3 8.3.1	<b>Receiving/Beneficiary Customer</b> <i>Not available</i>	8.3 <b>Receiving/Beneficiary Customer</b> 8.3.1 The responsibilities of a customer receiving a Direct Credit transfer shall include the following:
8.3.1.1	Shall provide correct details of the account to the sender/payer.	8.3.1.1 Provide correct details of the account to the sender/payer.
8.3.1.2	Honest and sincere dealings on the bank account.	8.3.1.2 Be honest and conduct sincere dealings on the bank account.
8.3.1.3	Shall not withdraw funds that have wrongly been credited to their account. The customer shall report to the bank on such funds immediately.	8.3.1.3 Not withdraw funds that may have been wrongly credited to their account. The customer shall report to the bank on such funds immediately.
8.3.1.4	Shall subscribe to receive electronic notifications to track all activities on their accounts.	8.3.1.4 Subscribe to receive electronic notifications to track all activities on their accounts.
8.3.2	The receiving bank/financial institution shall debit the customer's account that has been wrongly	8.3.2 <b>Deleted</b>



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	credited to correct the anomaly without obtaining authority from the customer.	
8.2	<i>Not available</i>	<b>8.2 Re-presentment of Direct Debits</b>  8.2.1 An erring customer must be charged for each instance a Direct Debit transaction is unpaid within the re-presentment window a customer has signed up for.
9	<b>ELIGIBLE ITEMS FOR DDACC</b>	<i>Moved to Clause 4.4</i>
9.3	Payments that may be made by direct debits/credits include;	
9.3.1		
9.3.2	Mortgage and other loan repayments	
9.3.3	Insurance and personal pension premiums	
9.3.4	Rates and community charge instalments	
9.3.5	Minimum amount due to credit card issuers	
9.3.6	Subscriptions to large clubs and associations	
9.3.7	Utilities (e.g. electricity, telephone, water, TV rental, rents, medical, schools)	
9.3.8	Equipment rental and maintenance	
9.3.9	Dispersal credits – These are multiple credits originated by one customer to a number of different accounts at various banks e.g. monthly salaries by an employer.	
9.3.10	Third Party payments – These are payments of cash by a person across a bank's counter for the benefit of a third party holding an account with another participating bank/financial institution.	
9.3.11	Standing orders issued by customers	
9.3.12	Standing orders from other participating banks/financial institution	
	Transactions from shared facilities including Automated Teller Machines (ATMs) and Electronic Funds Transfer Point of Sale (EFTPOS).	
10	<b>UNPAID DIRECT DEBITS</b>	10 <b>UNPAID DIRECT DEBITS</b>
10.1	<b>Unpaid Direct Debits fall into 3 categories:</b>	10.1 <b>Unpaid Direct Debits fall into 3 categories:</b>
10.1.2	Where the Payer disputes the due date, amount or frequency of a Direct Debit either following receipt of an advance notice or as a result of an outstanding dispute with the Service Provider, e.g. Single payment stopped.	10.1.2 Where the Payer disputes the due date, amount or frequency of a Direct Debit either following receipt of an advance notice or as a result of an outstanding dispute with the Service Provider, e.g. Date not due. The Service Provider has the option to re-present an unpaid Direct Debit to the paying bank for settlement.
10.1.3	Where the paying bank is referring the payment back to the Service Provider as notification of non-payment e.g. Refer to Payer.	10.1.3 Where the paying bank is referring the payment back to the Service Provider as notification of non-payment e.g. Date not due. The Service Provider has the option to re-present an unpaid Direct Debit to the paying bank for settlement.





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10.4.3	The paying bank is referring the payment back to the Service Provider as notification of non-payment (e.g. 'Refer to Payer').	10.4.3 The paying bank is referring the payment back to the Service Provider as notification of non-payment (e.g. 'Date not due').
10.4.4	An unpaid Direct Debit shall be debited from a Service Provider's account within 24 hours after the payment entry day.	10.4.4 An unpaid Direct Debit shall be debited from a Service Provider's account as prescribed under SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES.10.4.4 An unpaid Direct Debit shall be debited from a Service Provider's account within 24 hours after the payment entry day. However, in the event that a paying bank has a technical challenge confirmed by ZECHL in writing, the unpaid Direct Debit shall be debited from a Service Provider's account later than 24 hours.
10.5.1	A Direct Debit shall be returned unpaid not more than 3 time before the next due date.	10.5.1 A Direct Debit shall be returned unpaid not more than once before the next due date.
10.5.2	Where a Direct Debit has been returned unpaid for 3 times, the paying bank shall immediately cancel the DDM and advise both the Payer and Service Provider.	10.5.2 Where a Direct Debit has been returned unpaid for 3 times within twelve consecutive months starting from the first bounced direct debit transaction, the paying participant shall immediately cancel the DDM and advise both the Payer and the collecting participant. The collecting participant will then inform the Service Provider.
10.5.3	Where the Collecting Bank still sends the Direct Debit, ZECHL shall penalize the Collecting Bank as per SCHEDULE II – ZECHL MAXIMUM CHARGES.	10.5.3 Where the Paying Participant fails to comply with Clause 10.5.2 above , the Paying Participant shall liable to a penalty as stipulated in section 43 of the National Payment Systems Act, 2007.
11 11.2	<b>REASONS FOR RETURN</b> Where the Paying Bank fails to include the reason codes for returning Direct Debits, the collecting bank shall not accept the returned items the reason being "failure to include reasons for return by paying bank".	11 <b>REASONS FOR RETURN</b> <i>11.2 Deleted</i>
12 12.1	<b>TIMELY RETURN OF UNPAID DIRECT DEBITS</b> A Direct Debit shall be paid, or returned unpaid by the paying bank on the day of presentation or exceptionally not later than the first DDACC session of the following day.	12 <b>TIMELY RETURN OF UNPAID DIRECT DEBITS</b> 12.1 A Direct Debit shall be paid, or returned unpaid by the paying bank on the day of presentation or exceptionally the following business day as per SCHEDULE I – ZECH CLEARING SESSIONS, CLEARING, SETTLEMENT AND CONFIRMATION TIMES
12.2	A Direct Debit shall be paid, or returned unpaid by the paying bank under the following circumstances:	12.2 A Direct Debit shall be returned unpaid by the paying bank under the following circumstances:
13	<b>RE-PRESENTATION OF AN UNPAID DIRECT DEBIT</b>	13 <b>BILATERAL COLLECTION OF AN UNPAID DIRECT DEBIT</b>
13.1	A re-presented Direct Debit is a debit which has	<i>Moved to Clause 3.50</i>



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
	been previously returned unpaid by the paying bank and is represented by the Service Provider for collection	
13.1	<i>Not available</i>	13.1 Where a debit has been previously returned unpaid by the paying bank/financial institution, the Service Provider shall make other arrangements directly with the Payer for collecting the amount due before the next due date.
13.2	<b>Authority to re-present:</b>	13.2 <i>Deleted</i>
13.2.1	The consent of the Payer to debit his or her account as expressed in the DDM also constitutes implied consent to the re-presentation of an unpaid Direct Debit originated under that authority. It does not arise from the existence of a debt owed by the Payer to the Service Provider. Re-presentation must only occur when the Service Provider may reasonably assume that the conditions necessary for payment shall be met.	13.2.1 <i>Deleted</i>
13.3	<b>Application:</b>	13.3 <i>Deleted</i>
13.3.1	An unpaid Direct Debit must only be re-presented by the Service Provider if the following criteria are met:	13.3.1 <i>Deleted</i>
13.3.1.1	Re-presentation takes place before the next due date.	13.3.1.1 <i>Deleted</i>
13.3.1.2	The amount of the re-presented Direct Debit is the same as that originally dishonoured.	13.3.1.2 <i>Deleted</i>
13.4	<b>Time Re-representation:</b>	13.4 <i>Deleted</i>
13.4.1	If payment has not been made within this period, the Service Provider shall make other arrangements directly with the Payer for collecting the amount due or give Advance Notice of the new collection date and amount, or advice of the of payment amalgamation	13.4.1 <i>Deleted</i>
13.5	<b>Best practice standards:</b>	13.5 <i>Deleted</i>
13.5.1	If a Direct Debit payment is returned unpaid by the paying bank the Service Provider shall liaise with the Payer to offer a new collection date.	13.5.1 <i>Deleted</i>
13.5.2	A Service Provider shall give at least 5 working days' notice to the Payer of the new collection date.	13.5.2 <i>Deleted</i>
15	<b>REVERSAL OF ERRONEOUS EFT FILES/TRANSACTIONS</b>	15 <b>REVERSAL OF ERRONEOUS DIRECT CREDIT FILES/TRANSACTIONS</b>
15.3.5	An EFT file and its corresponding EJ reversal file shall not participate in the same clearing session.	15.3.5 An EFT file and its corresponding EFT reversal file shall not participate in the same interim clearing session.
15.3.6	Banks shall accept and process the EFT reversal file/s or transaction/s that has/have been verified without seeking the authority of the account holders subject to the availability of funds.	15.3.6 <i>Deleted</i>



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
15.3.6	<i>Not available</i>	15.3.6 Where the account holder has insufficient funds, the receiving bank shall:
15.3.6.1	<i>Not available</i>	15.3.6.1 Accept EFT reversal file/s or transaction/s sent to them in order to fulfil the reversal.
15.3.6.2	<i>Not available</i>	15.3.6.2 <i>Deleted</i>
15.3.6.2	<i>Not available</i>	15.3.6.2 Payee's bank shall contact the customer for possible recovery of the funds.
15.3.6.3	<i>Not available</i>	15.3.6.3 If all attempts to have the customer fund his/her account fail within one month, the payee's bank shall write to CRB about the customer and advise other banks on KYC and copy BOZ Bank Supervision.
15.3.7.4	<i>Not available</i>	15.3.7.4 The payee's bank shall report the account holder to the police.
15.3.7.5	<i>Not available</i>	15.3.7.5 Advise the Fraud Prevention and Security Committee and Legal Committee of BAZ Tech on the customer that has failed to pay back.
15.5	<i>Not available</i>	15.5 Where a originating participant has erroneously sent or duplicated a DC, the erring originating participant shall reimburse the paying customer as soon as the error is identified or notification is given.
16	<b>COMPENSATION FOR UNDUE ENRICHMENT</b>	16 <b>COMPENSATION FOR UNDUE ENRICHMENT</b>
16.1	<b>Bank to Bank</b>	16.1 <b>Bank to Bank</b>
16.1.1	A ZECHL participating bank/ financial institution which benefits from an error or a number of like errors such as duplicates and is unduly enriched as a result, shall compensate the ZECHL participating bank(s) / financial institution(s) that suffered financially as a result.	16.1.1 A ZECHL Member/Participating Bank/ Non-bank Financial institution which benefits and is unduly enriched resulting from EFT debits or duplicates on EFT which puts the other bank in a position where they use their own money or they need to borrow to cover their position at BOZ, shall compensate the ZECHL Member/Participating Bank(s) / Non-bank Financial institution(s) that suffered financially as a result.
16.1.2	The amount of damage for undue enrichment shall be computed by applying interest to the principal value of the funds incorrectly received. The interest shall be calculated daily applying the weighted average yield rate on the 91 Day Treasury Bill in the auction immediately preceding the date of the 'return item' in effect on each day the error or errors benefited or enriched the ZECH Member. The damages shall be paid to the participating bank or participating banks who suffered financially.	16.1.2 The participant that has suffered loss shall notify the collecting participant of the EFT debits or duplicates on EFT in writing. In case of a dispute, the matter shall be determined in accordance with Section 17 – Dispute Resolution of these Rules.
16.1.3	<i>Not available</i>	16.1.3 The paying bank shall send the Direct Debit file or files or settle their obligation through



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		bilateral clearing.
16.1.4	Not available	16.1.4 The amount of damage for undue enrichment shall be computed by applying interest to the principal value of the funds incorrectly received. The interest shall be calculated daily by applying the Bank of Zambia Policy Rate at the date of the 'return item' and for each day the error or errors benefited or enriched the ZECH participant. The damages shall be paid to the participant who suffered financially.
16.2 16.2.1	<b>16.2 Bank to Customer</b> A collecting bank that fails to provide cleared funds to its customers within the clearing period upon the receipt of credit in respect of an EFT transaction in its current account at the Bank of Zambia shall pay the beneficiary interest.	16.2 <b>Bank to Customer</b> 16.2.1 Subject to Rule 16.2.4, a receiving participant that fails to credit the customer as per SCHEDULE II –DIRECT DEBIT TRANSMISSION AND SETTLEMENT TIMES of these Rules shall be liable to pay the beneficiary interest.
16.2.3	The paying bank shall pay interest to a customer where it receives value for an EFT transaction and delays the transfer of such funds for more than one business day.	16.2.3 The sending participant shall pay interest to a customer where it receives payment from the customer to effect a transfer via EFT and delays the transfer of such funds as per Clause 18.1 of these Rules.
16.2.4	The interest in respect of an EFT transaction shall be calculated daily by applying the weighted average yield rate on the 91-day Treasury Bill in the auction immediately preceding the date of the delay. This rate will apply each day the value of funds is delayed.	16.2.4 The interest in respect of an EFT transaction shall be calculated daily by applying the Bank of Zambia Policy Rate prevailing at the date of the delay. This rate will apply each day the value of funds is delayed.
17 17.1	<b>TREATMENT OF ERRONEOUS ELIGIBLE ITEMS</b> Treatment of Wrongly Cleared Eligible Items	17 <b>DISPUTE RESOLUTION</b> <i>17.1 Deleted</i>
17.1.1	A participating bank/ financial institution noticing or receiving notice of wrongly cleared (misdirected) eligible items shall notify the ZECH and the collecting participating bank/ financial institution of the error in writing.	<i>17.1.1 Deleted</i>
17.1.2	The collecting participating bank/financial institution shall collect the item from the paying participating bank/ financial institution and provide same day credit to the paying participating bank/ financial institution through Bank of Zambia in respect of the amount.	<i>17.1.2 Deleted</i>
17.1.3	Where any incorrectly cleared Eligible Item cannot be delivered to the correct paying participating bank/ financial institution before clearing, the said item shall participate in the day's clearing. As such, the affected participant's account shall not be	<i>17.1.3 Deleted</i>



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
	adjusted. The Eligible Item shall be presented in the following Business Days' clearing.	
17.1	Any bank/ financial institution involved in a dispute with another bank/ financial institution, which cannot prima facie be settled by mutual agreement at the Head Office level may submit the relevant facts to ZEHL for the interpretation of the rules and guidance. Should the parties fail to agree to accept the guidance/recommendation provided by ZEHL to amicably resolve the issue, then the matter will be referred to the BAZ Technical Committee for further consideration. The recommendation however, shall not be binding upon any party to the dispute, unless all parties have so agreed in writing. Should the dispute not be resolved at this stage, the matter shall be referred to the BAZ Main Committee who may appoint an Adjudicator as provided for in the Banking Code of Practice of Zambia.	17.1 Where any dispute arises between participants, the participants shall in the first instance attempt to settle the dispute by mutual agreement within seven days of the aggrieved party notifying the other party of such grievance.
17.2	<i>Not available</i>	17.2 Where the parties fail to settle the dispute by mutual agreement, the aggrieved party may submit the relevant facts to ZEHL for the interpretation of the rules and guidance. Should the parties fail to agree to accept the guidance/recommendation provided by ZEHL to amicably resolve the issue, then the matter will be referred to the BAZ Technical Committee for further consideration. The recommendation however, shall not be binding upon any party to the dispute, unless all parties have so agreed in writing. Should the dispute not be resolved at this stage, the matter shall be referred to the BAZ Main Committee who may appoint an Adjudicator as provided for in the Banking Code of Practice of Zambia.
17.3	<i>Not available</i>	17.3 Where the dispute remains unresolved, the aggrieved party may refer the dispute to arbitration in accordance with the Arbitration Act.
20	<b>THE COLLECTION PROCESS FOR DIRECT DEBITS</b>	20 <b>THE COLLECTION PROCESS FOR DIRECT DEBITS</b>
20.1	This is the process whereby the Service Provider collects Direct Debits from its Payers who have completed DDM's.	20.1 The Collection Process for Direct Debit is the process whereby the Service Provider collects Direct Debits from its Payers who have completed DDM's.
20.2	This is the process whereby Service Providers collect Direct Debits from their Payers who have completed DDM's.	20.2 Deleted



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
20.3	The management and timing of the collection is the Service Provider's responsibility.	20.3 The management and timing of the collection of DDs is the Service Provider's responsibility.
20.4	The collection must be made accurately and in a timely manner.	20.4 The collection shall be made accurately and in a timely manner. If the DD does not fall on the specified date range as specified in the DDM, it shall be rejected.
20.5	Direct Debit is the method of collecting payments and the banks are not responsible for any underlying contract between the Service Provider and the Payer.	20.5 <i>Deleted</i>
20.5	Not available	20.5 Where the Service Provider holds accounts with more than one bank and decides to change the current Collecting Bank to the another new one:
20.5.1	Not available	20.5.1 The Service Provider shall officially write to its collecting participant advising them that it will stop collecting DDs through them and start collecting DDs through another bank.
20.5.2	Not available	20.5.2 The new Collecting Bank shall initiate the amendment of the new Collecting Bank in the ZECH system.
20.5.3	Not available	20.5.3 The current collecting participant will receive notification of the amendment from the ZECH system which shall be acknowledged within 14 calendar days. The amendment shall be auto-accepted if there is no acknowledgement after 14 calendar days and the new participant shall become the current collecting participant for the Service Provider. The new collecting participant shall have access to the DDM from ZECH system.
20.8	<b>Payer's Records:</b>	20.8 <b>Payer's Records:</b>
20.8.1.1	<i>Not available</i>	20.8.1.1 Physical DDM and/or electronic copy.
20.8.2	Failure to do this may result in a high proportion of unpaid or unapplied debits, Indemnity Claims and shall also affect customer service.	20.8.2 Failure to maintain the records in Rule 20.8.1 may result in a high proportion of unpaid or unapplied debits, Indemnity Claims and shall also affect customer service.
20.9	<b>Management Administration for Direct Debits</b>	20.9 <b>Outsourcing of Direct Debits Management</b>
20.9.1	A Service Provider may outsource its Direct Debit payment method.	20.9.1 A Service Provider may outsource its Direct Debit management process provided the outsourced party complies with these rules and any other requirements as may be guided by ZEHL.
20.9.2	<i>Not available</i>	20.9.2 The sponsoring participant shall ensure that the Service Provider has in place adequate risk mitigating measures to manage the risk that may be introduced by the outsourced party. The sponsoring participant shall be liable for the risks that may be introduced in the clearing system through outsourcing activities.





REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
21  21.1	<b>THE PAYMENT PROCESS FOR DIRECT CREDITS</b>  This is the process whereby Customers/Originators make payments by electronic transfer directly into the Beneficiary's Bank Account.	21 <b>THE PAYMENT PROCESS FOR DIRECT CREDITS</b>  21.1 This is the process whereby a customer makes a payment by electronic transfer directly into the beneficiary's participant account. The management and timing of payments is the responsibility of the sending participant.
21.2	This is the process where payments are made by bank transfer for goods and services. The management and timing of payments is the responsibility of the originator.	21.2 Deleted
22  22.3 22.3.1	<b>THE DIRECT DEBIT MANDATE (DDM) – FORM DD 8</b> <b>Completion and Lodgement</b> Once the Payer has returned the completed DDM, the Service Provider must ensure that all relevant information is recorded before lodging it with the payer's bank.	22 <b>THE DIRECT DEBIT MANDATE (DDM) – FORM DD 8</b> <b>Completion and Lodgement</b> 22.3 Once the Payer has returned the completed DDM, the Service Provider must ensure that all relevant information is recorded before lodging it with the Collecting Bank.
22.3.2	Upon receipt, the payer's bank shall either accept or reject the DDM.	22.3.2 Upon receipt, the Collecting Bank shall electronically send the DDM to the Payer's Bank via ZECH.
22.3.3	Not available	22.3.3 The payer's participant shall validate the DDM and either accept or reject it.
22.3.4	If rejected the DDM is returned to the Service Provider who shall notify the Payer.	22.3.4 Where the DDM has been accepted, the paying participant shall send a response file to the collecting participant with an appropriate code indicating acceptance.
23 23.2	<b>THE ADVANCE NOTICE — FORM DD 4</b> The Service Provider shall agree the period of Advance Notice with the Payer. The default period in the absence of any other agreements is a minimum of 14 working days. As such the time period used in the Direct Debit Guarantee is the time allowed between the Payer receiving the Advance Notice and the first or amended payment.	23 <b>THE ADVANCE NOTICE — FORM DD 4</b> 23.2 The Service Provider shall agree the period of Advance Notice with the Payer. The default period in the absence of any other agreements is a minimum of 14 calendar days. As such the time period used in the Direct Debit Guarantee is the time allowed between the Payer receiving the Advance Notice and the first or amended payment.
24 24.1	<b>Re-Presentation of Unpaid Direct Debits</b> A re-presented Direct Debit is a debit, which was previously returned by the paying bank as unpaid. An Unpaid Direct Debit may be re-presented by the Service Provider within one month of the date on which first presentation was made. It must be for the same amount as originally presented.	24 Deleted 24.1 Deleted
24  24.1 24.1.1	<b>DIRECT DEBIT MANDATE AMENDMENT AND CANCELLATION — FORM DD 3</b> <i>Not available</i> Any change, amendment or cancellation of the DDM advised by the Payer takes effect as soon as the paying bank or the service provider receives written notification. The paying bank must advise	24 <b>DIRECT DEBIT MANDATE AMENDMENT AND CANCELLATION — FORM DD 3</b> <b>DDM Amendment – Form DD 3</b> 24.1 Any change or amendment of the DDM advised by the Payer takes effect as soon as the collecting participant receives written notification from the Service Provider subject



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
	the Service Provider of any change, amendment or cancellation of the DDM.	to approval by the paying participant or lapse of 14 calendar days within which the paying participant should approve the amendment. The amendment shall be auto-accepted if there is no acknowledgement after 14 calendar days.
24.2 24.2.1	<i>Not available</i> <i>Not available</i>	24.2 <b>DDM Cancellation – Form DD 3</b> 24.2.1 A payer may cancel a DDM to a Service Provider using the prescribed DDM cancellation form. The Service Provider shall in turn submit the DDM cancellation form to the collecting participant for processing..
24.2.2	<i>Not available</i>	24.2.2 In exceptional circumstances, a Payer may instruct the paying participant to cancel the DDM.
24.2.4	<i>Not available</i>	24.2.4 A DDM cancellation shall take effect once the collecting participant or paying participant has uploaded the instruction on the ZECH system.
24.3 24.3.1	<i>Not available</i> <i>Not available</i>	24.3 <b>DDM Cancellation – Unpaid Direct Debit</b> 24.3.1 Where a Direct Debit has been returned unpaid 3 times within 12 consecutive months on account of insufficient funds, the ZECH system shall immediately cancel the DDM and notify the paying participant and the collecting participant through the system.
27 27.1	<b>STANDING ORDER CONVERSION</b> A number of Service Providers also receive payment from some of their customers by Standing Order. This is an automated payment initiated by the payer's bank on behalf of the payer for a fixed amount on a fixed date.	27 <i>Deleted</i> 27.1 <i>Deleted</i>
27.2	Service Providers can increase efficiency and reduce costs by convincing customers to make payments by Direct Debit.	27.2 <i>Deleted</i>
27.3	<i>Moved from Clause 22.11</i>	27.3 <i>Deleted</i>
28 28.3	<b>EXIT FROM DIRECT DEBIT</b> <i>Not available</i>	28 <b>EXIT FROM DIRECT DEBIT</b> 28.3 The Collecting Bank should advise ZECH in writing that the SP has withdrawn from DD.
28.4	<i>Not available</i>	28.4 Upon receiving the notification, ZECHL shall notify all the participants of the withdrawal of the Service Provider.
28.5	<i>Not available</i>	28.5 ZECHL shall deactivate the Service Provider from its system at an appointed date. All the matching mandates for the Service Provider shall be cancelled.
29	<b>JOINING DDACC AS A SERVICE PROVIDER</b>	29 <b>JOINING DDACC AS A SERVICE PROVIDER</b>





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29.2	Only corporate bodies to use the DDACC service.	29.2 Only registered corporate bodies qualify to be Service Providers.
29.3	The Service Provider must submit all documentation it intends to use in its Direct Debit and Credit operations to its bank for prior approval.	29.3 The Service Provider shall submit documentation it intends to use in its Direct Debit and Credit operations to its collecting participant for prior approval.
29.4	<i>Not available</i>	29.4 The collecting participant shall submit to ZECH documentation that relate to the design of the forms for approval.
29.6 29.6.1	<b>Service Provider's Account</b> This must be in the name of the Service Provider and held by the collecting bank.	29.6 <b>Service Provider's Account</b> 29.6.1 The account of the Service Provider shall be in the name of the Service Provider and held at the collecting participant.
29.6.3	<i>Not available</i>	29.6.3 Where a Service Provider holds accounts with more than one bank/participant, the Service Provider may collect payments through any of the collecting participants as the Service Provider desires.
29.9 29.9.1	<b>Application of Participant Codes:</b> It is the responsibility of the originating bank to ensure that correct Transaction Types are used for each Participant Code for which Service Providers have signed up for when sending the DDACC transactions to the destination banks.	29.9 <b>Application of Participant Codes:</b> 29.9.1 It is the responsibility of the collecting participant to ensure that correct Transaction Types are used for each Participant Code for which Service Providers have signed up for when sending the DDACC transactions to the paying participants.
30.9 30.9.1	<b>Indemnity Documentation</b> The Indemnity must not be signed until after the authorising resolution has been passed. Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for examples of prohibited practices.	30.9 <b>Indemnity Documentation</b> 30.9.1 The Indemnity shall not be signed until after the authorising resolution has been passed by the Board of the Service Provider. Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for examples of prohibited practices.
31.8	The use of certain practices and additions to the DDM are prohibited. The practices listed in APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES are prohibited.	31.8 The use of certain practices and additions to the DDM are prohibited. Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for prohibited practices.
31	<b>DIRECT DEBIT MANDATE</b>	31 <b>DIRECT DEBIT MANDATE</b>
31.2	Contents of the Direct Debit Mandate:	31.2 Contents of the Direct Debit Mandate:
31.2.1	The Service Provider's name and address.	31.2.1 The heading 'MANDATE TO YOUR BANK TO PAY BY DIRECT DEBIT'.
31.2.2	The heading 'Mandate to your Bank to pay by	



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
31.2.3	Direct Debit'. The name and full postal address of the Bank where the Payer's account is held.	31.2.2 The Service Provider's name, logo and address.
31.2.4	The Payer's branch sort code.	31.2.3 The Service Provider's reference number.
31.2.5	The Payer's Bank account number.	31.2.4 The Payer's Account Number with Service Provider.
31.2.6	The Payers reference number	31.2.5 Payment date in the format Day Month and Year (DDMMYY).
31.2.7	The Service Provider's bank sort code	31.2.6 Expiry date in the format Day Month and Year (DDMMYY).
31.2.8	The Service Provider's account number.	31.2.7 Payment frequency (D=Daily W=Weekly FN=Fortnightly M=Monthly Q=Quarterly H=Half Yearly A=Annually).
31.2.9	Payer's instruction to debit the Payer's account including reference to the Direct Debit safeguards under the Direct Debit Guarantee, signature(s) and date.	31.2.8 How many days can the Direct Debit be processed before Payment Date.
31.2.10	Amount to be debited (fixed or variable subject to a maximum amount to be specified)	31.2.9 How many days can the Direct Debit be processed after Payment Date.
31.2.11	Payment date in the format Date Month and Year (DDMMYY)	31.2.10 Amount to be debited (fixed or variable subject to a maximum amount to be specified).
		31.2.11 Payer's name.
		31.2.12 Payer's telephone number.
		31.2.13 Payer's email.
		31.2.14 The name and full postal address of the Bank where the Payer's account is held.
		31.2.15 The Payer's branch name/sort code.
		31.2.16 The Payer's Bank account number.
		31.2.17 Payer's instruction to debit the Payer's account including reference to the Direct Debit safeguards under the Direct Debit Guarantee, signature(s) and date.
		31.2.18 Banks may not accept Direct Debit Mandates for some types of accounts.
		31.2.19 The Direct Debit Guarantee:
		31.2.19.1 This Guarantee is offered by all banks that take part in the DDACC System. The efficiency and security of the Direct Debit is monitored and protected by your own Bank/NBFI.
		31.2.19.2 If the amounts to be paid or the payment dates change ... [Service Provider's name] will notify you 14 working days in advance of your account being debited or as otherwise agreed.
		31.2.19.3 If an error is made by ... [Service Provider's name] or your Bank/NBFI, you are guaranteed a full and immediate refund from your branch of the amount paid.
		31.2.19.4 You can cancel a Direct Debit at any time by writing to your Bank/NBFI. Please also send a copy of your letter to us.



REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS
31.8	The use of certain practices and additions to the DDM are prohibited. Refer to Appendix VI for prohibited practices.	31.8 The use of certain practices and additions to the DDM are prohibited. Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for prohibited practices.
31.11	<b>Service Provider's Responsibilities</b>	31.11 <b>Service Provider's Responsibilities</b>
31.11.1	The Service Provider must ensure that its bank approves all proposed literature in respect of its DDACC application. If an error is discovered after the printing of the approved DDM the Service Provider must immediately contact its bank who shall advise of the appropriate action to be taken. This may involve the destruction of the erroneous DDM's and reprinting in the correct format.	31.11.1 The Service Provider must supply to ZECH through the Collecting Bank all DDM forms (refer to Appendix IV) in respect of its DDACC application that they conform to the approved standards. If an error is discovered after the printing of the approved DDM the Service Provider must immediately contact its Bank who shall advise the appropriate action to be taken. This may involve the destruction of the erroneous DDM's and reprinting in the correct format.
31.11.2	Service Providers must ensure that the DDM is correctly completed prior to dispatch to the paying bank. DDM's can only be lodged with the paying bank by the Service Provider and not directly by the Payer.	31.11.2 Service Providers must ensure that the DDM is correctly completed prior to dispatch to the Collecting Bank. DDM's can only be lodged with the Collecting Bank by the Service Provider and not directly by the Payer.
31.11.3	A Service Provider using the tear off slip DDM format for additional information must ensure that this is detached before submission to the paying bank. The DDM is not evidence of any contract between the Service Provider and the Payer's bank	31.11.3 The DDM does not constitute a contract between the Service Provider and the Payer's Bank.
31.11.4	Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for examples of prohibited practices.	31.11.4 Service Providers are prohibited from practices listed in APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES.
31.11.5	The Direct Debit Guarantee provides assurance to the Payer that any monies taken in error by the Service Provider or the Paying bank shall be immediately refunded by the payer's bank. It confirms to the Payer that he may cancel a Direct Debit at any time. The Direct Debit Guarantee wording as illustrated in Form DD 8 must not be varied in any way.	31.11.5 The Direct Debit Guarantee provides assurance to the Payer that any monies taken in error by the paying bank/financial institution shall be immediately refunded by the paying bank's/financial institution's. Where the monies are taken in error by the Service Provider, the Service Provider shall immediately refund the monies. This confirms to the Payer that he may cancel a Direct Debit at any time. The Direct Debit Guarantee wording as illustrated in Form DD 8 must not be varied in any way.
32.5	<b>Time Scales</b>	32.5 <b>Time Scales</b>
32.5.3	Service Providers must collect the Direct Debit	32.5.3 Service Providers shall collect the Direct Debit



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	payment on or up to 5 working days before or after the specified due date as advised to the Payer on the Advance Notice. Should the Service Provider fail to collect the Direct Debit as specified, further notification must be given to the Payer of the new collection date, or advice of payment amalgamation.	payment on or up to 5 working days before or after the specified due date as advised to the Payer on the Advance Notice. Should the Service Provider fail to collect the Direct Debit as specified, alternative arrangements shall be made between the payer and the Service Provider.
32.8 32.8.1	<b>Electronic Notification</b> Electronic notification may be given by the Service Provider on any form of electronic channel. Use of electronic notification is at the Service Provider's risk as the duly authorised person may dispute receiving such advice.	32.8 Deleted 32.8.1 Deleted
32.9.6	The practices listed in APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES are prohibited.	32.9.6 Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for prohibited practices.
27.11	<b>Standing Order Conversion</b>	27.11 Deleted
27.11.1	A number of Service Providers also receive payment from some of their customers by Standing Order. This is an automated payment initiated by the payer's bank on behalf of the Payer for a fixed amount and date.	27.11.1 Deleted
27.11.2	There is a standard combined DDM / Related Standing Order Cancellation Form (Form DD 9) to be used when the Service Provider is running a conversion campaign.	Clause 27.11.2 moved to Clause 27
32.5 32.5.3	<b>Time Scales</b> Service Providers must collect the Direct Debit payment 5 working days before or after the specified due date as advised to the Payer on the Advance Notice. Should the Service Provider fail to collect the Direct Debit as specified, further notification must be given to the Payer of the new collection date, or advice of payment amalgamation.	32.5 <b>Time Scales</b> 32.5.3 Service Providers shall collect the Direct Debit payment on or up to 5 working days before or after the specified due date as advised to the Payer on the Advance Notice. Should the Service Provider fail to collect the Direct Debit as specified, alternative arrangements shall be made between the payer and the Service Provider.
33.8 33.8.1	<b>Electronic Notification</b> Electronic notification may be given by the Service Provider on any form of electronic hardware. Use of electronic notification is at the Service Provider's risk as the duly authorised person may dispute receiving such advice.	33.8 Deleted 33.8.1 Deleted
32.9 32.9.6	<b>Exceptional Dispensation</b> Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for examples of prohibited practices.	32.9 <b>Exceptional Dispensation</b> 32.9.6 Refer to APPENDIX V – EXAMPLES OF PROHIBITED PRACTICES for prohibited practices.
33 34.1	<b>COMPLETION AND LODGEMENT OF THE DIRECT DEBIT MANDATE</b> The DDM once completed by the Payer is sent to the Service Provider who must ensure that all the	33 <b>COMPLETION AND LODGEMENT OF THE DIRECT DEBIT MANDATE</b> 33.1 The DDM once completed by the Payer is sent to the Service Provider who shall ensure that all the



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	relevant information has been completed. This information is then input to the Service Provider's system and the DDM is dispatched by the Service Provider to the Payer's Bank for lodgement.	relevant information has been completed. This information is then input into the Service Provider's system and the DDM is dispatched by the Service Provider to the collecting participant for processing on the ZECH system and the paying participant for lodgement.
33.3 33.3.2	<b>Lodgement</b> Where a DD is presented before the DDM an appropriate penalty will be charged as prescribed by ZEHL/BOZ	33.3 <b>Lodgement</b> 33.3.2 <i>Deleted</i>
33.3.3	Each DDM shall be registered by the Paying Bank as a Power of Attorney given by the Payer for the collection of Direct Debits by the Service Provider.	33.3.3 <i>Deleted</i>
33.5 33.5.1	<b>Rejected Direct Debit Mandate</b> If rejected the DDM is returned to the Service Provider immediately but no later than 3 working days from date of receipt by the Paying Bank.	33.5 <b>Rejected Direct Debit Mandate</b> 33.5.1 If rejected the DDM is returned to the Service Provider immediately but no later than 14 calendar days from date of receipt by the paying participant.
33.7 33.7.3	<b>Paying Bank's Responsibilities</b> If rejected the DDM shall be returned to the Service Provider immediately but no later 3 working days from date of receipt.	33.7 <b>Paying Participant's Responsibilities</b> 33.7.3 Where a DDM has been rejected, the paying participant shall within 14 calendar days send a response file to the collecting participant informing them of the rejection.
34 34.2 34.2.1	<b>DIRECT DEBIT MANDATE ACKNOWLEDGEMENT</b>  <b>Paying Bank's Responsibilities:</b> If the DDM accepted by the Paying Bank includes an Acknowledgement, the Paying Bank shall return this to the Service Provider within 3 working days of receipt.	34 <b>DIRECT DEBIT MANDATE ACKNOWLEDGEMENT</b>  34.2 <b>Paying Participant's Responsibilities:</b> 34.2.1 The paying participant shall acknowledge the DDM within 14 calendar days of the collecting participant submitting through the CHI Client. The collecting participant shall immediately send the acknowledgement to the Service Provider.
34.2.2	If rejected, the complete DDM, including Acknowledgement, shall be returned to the Service Provider immediately marked 'lodgement refused'.	34.2.2 Where a DDM has been rejected, the paying participant shall within 14 calendar days send a response file with an appropriate response code to the collecting participant informing them of the rejection. The collecting participant shall immediately inform the Service Provider of the rejection.
34.3 34.3.1	<b>Service Provider's Responsibilities:</b>  34.3.1 Receipt of an acknowledgement from the Paying Bank is notification that the DDM has been lodged and set-up.	34.3 <b>Service Provider's Responsibilities:</b>  34.3.1 The Service Provider shall only commence the collection of DDs after receipt of an acknowledgement from the collecting participant and having provided Advance Notice to the Payer of the Amount, Date and Frequency of payments to be collected from the account.



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35  35.2	<b>COLLECTION DATE, AMOUNT AND FREQUENCY</b>  Should the Service Provider fail to collect the Direct Debit as specified under Rule 71.2 above, further notification must be given to the Payer, quoting the new collection date or giving advice of payment amalgamation	35 <b>COLLECTION DATE, AMOUNT AND FREQUENCY</b>  <i>35.2 Deleted</i>
45 45.1.4	<b>REFUNDING THE PAYER'S ACCOUNT</b> Not available	45 <b>REFUNDING THE PAYER'S ACCOUNT</b> 45.1.4 Any penalties that may arise due to the error.
46 46.1	<b>SUBMISSION OF THE INDEMNITY CLAIM</b> All Indemnity Claims must be submitted by the Paying Bank using the Indemnity Claim Form (Form DD 10). The form shall be dispatched direct to the Service Provider as soon as possible.	46 <b>SUBMISSION OF THE INDEMNITY CLAIM</b> 46.1 A paying participant shall submit all Indemnity Claims to the collecting participant using the Indemnity Claim Form (Form DD 10). The collecting participant shall directly contact the service provider to consider and settle the Indemnity Claim in line with Rule 43.
APPEN DIX V	<b>6 GUIDELINES FOR THE DESIGN OF THE DIRECT DEBIT MANDATE</b> 1 The prescribed order of information boxes must be maintained on the face of the Mandate. 2 The maximum size of a DDM must be A4 size. 3 The minimum size of a DDM must be 110mm by 70mm and this includes published instructions. 4 The DDM must be clearly separated from any other text. No additional material shall appear within the boundary of the Mandate, with the exception of the official use box. 5 The paper Mandate delivered to the branch must be rectangular to facilitate ease of handling / storage. 6 The standard heading 'Mandate to your Bank to pay Direct Debits' is mandatory. 7 Clear instructions to the Payer for the return of the form must be shown on the face of the DDM. 8 The authority text to debit the Payer's account must always be printed above the Payer's signature box. 9 Where the Service Provider is undertaking a Standing Order conversion the instruction to cancel the standing Order must be printed as a section at the bottom of the DDM. 10 A Service Provider may have a Service Provider's 'official use box' on the DDM, which may be used to record information not pertinent to the Payer's authority for the Direct Debit application.	<b>6 GUIDELINES FOR THE DESIGN OF THE DIRECT DEBIT MANDATE</b> 1 The prescribed order of information boxes must be maintained on the face of the Mandate. 2 The size of a DDM must be A4 size and this includes published instructions. 3 The DDM must be clearly separated from any other text. No additional material shall appear within the boundary of the Mandate, with the exception of the official use box. 4 The standard heading 'Mandate to your Bank to pay Direct Debits' is mandatory. 5 The authority text to debit the Payer's account must always be printed above the Payer's signature box. 6 A Service Provider may have a Service Provider's 'official use box' on the DDM, which may be used to record information not pertinent to the Payer's authority for the Direct Debit application.




REFERENCE CLAUSE	PREVIOUS VERSION	NEW AMENDED WORDING BY BANKS																																
APPEN DIX V	<b>APPENDIX V– DIRECT DEBITS AGREEMENT</b> 8.2 <i>Not available</i>  8.2.1 <i>Not available</i>	8.2 Re-presentment of Direct Debits  8.2.1 An erring customer must be charged for each instance a Direct Debit transaction is unpaid within the re-presentment window a customer has signed up for.																																
APPEN DIX VIII	<b>APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS</b>	<b>APPENDIX II – STANDARD ANSWERS FOR RETURNED ITEMS</b>																																
3.2	<b>EFT</b> <table><tr><th>Code</th><th>Description</th></tr><tr><td>020</td><td>Account transferred</td></tr><tr><td>070</td><td>No mandate held</td></tr><tr><td>072</td><td>Service Provider differs</td></tr><tr><td>075</td><td>Mandate has expired</td></tr><tr><td>079</td><td>Name of Account Required</td></tr><tr><td>080</td><td>Amount not due</td></tr><tr><td>088</td><td>Items wrongly sent</td></tr></table>	Code	Description	020	Account transferred	070	No mandate held	072	Service Provider differs	075	Mandate has expired	079	Name of Account Required	080	Amount not due	088	Items wrongly sent	1) <b>EFT</b> <table><tr><th>Code</th><th>Description</th></tr><tr><td>020</td><td>Account transferred <i>(deleted)</i></td></tr><tr><td>070</td><td>No mandate held <i>(deleted)</i></td></tr><tr><td>072</td><td>Service Provider differs <i>(deleted)</i></td></tr><tr><td>075</td><td>Mandate has expired <i>(deleted)</i></td></tr><tr><td>079</td><td>Name of Account Required <i>(deleted)</i></td></tr><tr><td>080</td><td>Date not due</td></tr><tr><td>088</td><td>Lodgement refused</td></tr></table> 2)	Code	Description	020	Account transferred <i>(deleted)</i>	070	No mandate held <i>(deleted)</i>	072	Service Provider differs <i>(deleted)</i>	075	Mandate has expired <i>(deleted)</i>	079	Name of Account Required <i>(deleted)</i>	080	Date not due	088	Lodgement refused
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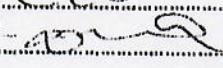


## SCHEDULE VII – PARTICIPANTS SIGNATURES

### 1. For Bank of Zambia

Name..... LAZAROUS KAMANGA  
Position..... DIRECTOR - BANKING, CURRENCY AND PAYMENT SYSTEMS  
Signature.....  04/02/2021

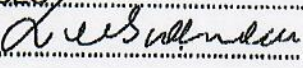
### 2. For Zambia National Commercial Bank Plc

Name..... LINDA C. SITUMBELO  
Position..... A/C EO  
Signature.....  31/08/2020


### 3. For Absa Bank Zambia Plc

Name..... Mizinga S. Mulu  
Position..... Managing Director  
Signature..... 


### 4. For Citibank Zambia Limited

Name..... Lowani Chibesakunda  
Position..... CEO  
Signature..... 

### 5. For Stanbic Bank Zambia Limited

Name..... Leina Gabaraane - 01/09/2020  
Position..... Chief Executive  
Signature..... 

### 6. For Standard Chartered Bank Zambia Plc

Name..... Herman Kasikanda  
Position..... MD / CEO  
Signature..... 



7. For Indo-Zambia Bank Limited

Name... SUNIL KUMAR  
Position... CHIEF MANAGER - OPERATION  
Signature... S-I

8. For Cavmont Bank Limited

Name... MANTANO  
Position... CEO  
Signature...

9. For Zambia Industrial Commercial Bank (Zambia) Limited

Name... IGNATIUS MWANZA  
Position... CHIEF EXECUTIVE OFFICER  
Signature... M

10. For Investrust Bank Plc

Name... Simangolwa Shakalina  
Position... Managing Director  
Signature...

11. For Bank of China (Zambia) Limited

Name... Wang Qi  
Position... Managing Director  
Signature...

12. For BancABC Zambia Limited

Name... JAMES KONYI  
Position... CEO  
Signature... Jam

13. For AB Bank Zambia Limited

Name... Nurullo Mashrabov

Position... CHIEF BUSINESS OFFICER

Signature... 

14. For First National Bank Zambia Limited

Name... SYDON LONGWE

Position... CHIEF EXECUTIVE OFFICER

Signature... 

15. For First Capital Bank (Zambia) Limited

Name... JOSE DATA


Position... CHIEF FINANCIAL OFFICER

Signature... 

16. For First Alliance Bank Zambia Limited

Name... Kuldip Paliwal

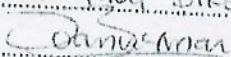
Position... Managing Director

Signature... 

17. For Access Bank Zambia Limited

Name... JOANA BANNERMAN

Position... MANAGING DIRECTOR

Signature... 

18. For Ecobank Zambia Limited

Name... Olatodji B. Chamel Ognin

Position... MANAGING DIRECTOR

Signature... 

19. For United Bank for Africa Zambia Limited

Name... C-HINEDU OBETA

Position... MD / CEO

Signature... 