Legislation and Bye-Laws

The Bank of Botswana currently operates under the Bank of Botswana Act, 1996 (Cap 55:01). In addition to providing for the establishment of a central bank in Botswana, the Act describes the Bank's constitution, powers and objectives, as well as its relationship with the Botswana Government. The Government is the Bank's sole shareholder and to which the Bank is the chief adviser on financial matters.

The 1996 Act replaces the earlier legislation, passed in 1975, under which the Bank was founded in July of that year, but subsequently became outdated in various respects as the economy and financial sector in Botswana developed. These developments included, most notably, the Bank's growing responsibilities for managing the substantial foreign exchange reserves that had been accumulated since its establishment (and which, in turn, had resulted in the Bank's profits becoming a major source of revenue to Government), together with the increased complexity and maturity of the financial sector in Botswana. Both of these developments required a legislative framework that enables the Bank to operate with sufficient resources and independence to achieve its objectives while, at the same time, conducting operations in an environment of transparency and accountability required to maintain public confidence. (See also History of the Bank on this website.)

The Bank of Botswana Act continues to be monitored on an on-going basis to make sure that it remains relevant to changing circumstances and to ensure that it is aligned with best international practice.

Bank of Botswana Act

To achieve its statutory objectives within the framework prescribed by the Bank of Botswana Act, the Board of the Bank may make bye-laws and issue directives and instruction to regulate the conduct of the business of the Bank. The Bank's bye-laws were last revised in 1997 and cover, in particular: the duties and responsibilities of the Board and Governor; determination of the staff establishment; conditions of service including staff appointment and terminations; and matters relating to the effective management of the bank finances. The bye-laws may be revised by the Board as circumstances require.

Closely related to the Bank of Botswana Act is the Banking Act, 1995 (Cap 48), which gives the central bank the power to license, supervise and regulate banks operating in Botswana. The objective of the Act is to underpin public confidence in the soundness of banks operating in Botswana while, at the same time, encouraging the banks to operative in a competitive environment unhindered by unnecessarily restrictive regulation.

Banking Act

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