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EXTRAORDINARY

The Government of the Republic of Liberia announces that the Central Bank of Liberia (CBL), pursuant to its mandate under "An Amendment and Restatement of the Act Establishing The Central Bank of Liberia 1999" and the Financial Institutions Act of 1999, and specifically consistent with Section 68 of the said Amended and Restated Central Bank of Liberia Act and Section 39 of the Financial Institutions Act of 1999, has issued on August 12, 2022, its Regulations No. CBL/RSD/003/2022, revising Regulation No. CBL/RSD/005/2016 and replacing Regulation CBL/RSD/004/2016 herein under:

CONCERNING REGULATION FOR THE LICENSING AND SUPERVISION OF MONEY REMITTANCE ENTITIES

BY ORDER OF THE PRESIDENT

AMB. DEE-MAXWELL SAAH KEMAYAH, SR MINISTER OF FOREIGN AFFAIRS, R.L.

MINISTRY OF FOREIGN AFFAIRS MONROVIA, LIBERIA AUGUST 12, 2022

Part I - PRELIMINARY

Preamble

Pursuant to Part II, Section 3 and Part IV, Section 39 of the New Financial Institutions Act of 1999, the Central Bank of Liberia (CBL) hereby makes, issues and sets forth this regulation for the licensing of remittance businesses, to prescribe prudential requirements to ensure such businesses operate in a safe and prudent manner, and provide for the regulation and supervision of persons conducting such businesses and other such matters related to remittance business as follows:

1.0 Application

These regulations shall apply to all banks and non-bank financial institutions and to any other entities duly authorized by the Central Bank of Liberia and intending to engage in money transfer services.

These regulations shall also establish the payments of all inbound money transfers which could be made directly using recipients' accounts at financial institutions, recipients' digital wallets or over the counter.

2.0 Title

These Regulations shall be cited as Regulations No. CBL/RSD/003/2022 Concerning the Licensing and Operations of Money Remittance Entities.

3.0 Objectives

The regulations are set out by the CBL to achieve the following objectives:

- To provide the minimum standards that money remittance providers would observe in establishing, managing, and controlling their services;
- b) specify the currencies in which payments of inbound money transfers are to be made and the payment of the proceeds of the transfers.

4.0 Definitions

In this Regulation, unless the context otherwise requires:

- a) "Money Remittance Service" refers to a payment service that is provided to a payer by remitting the corresponding amount to a payee, directly or through another payment service provider acting on behalf of the payee.
- b) "Money Remittance Entity" is a Provider licensed to render Money Remittance Service but is not necessarily permitted to engage in banking business unless also licensed to do banking business. Only a registered business may be licensed to render Money Remittance Service.
- c) "License" means permission received from the Central Bank of Liberia in order to legally operate a Money Remittance Service in Liberia.

- d) "Business Registration" means a certification by the appropriate government agencies indicating the legal existence of an entity seeking to do Money Remittance business in Liberia.
- e) "Fit & Proper" a person is considered to be fit and proper if she/he has good character, is competent, honest, is financially sound, reputable, reliable and discharges or is likely to discharge his/her responsibilities fairly.
- f) "Inbound Money Transfer" means money sent from outside Liberia to a recipient that is in Liberia.
- g) "Outbound Money Transfer" means money sent from Liberia to a recipient in another part of the world.
- "Financial Institutions (FI)" means entities licensed/authorized by the CBL to engage in financial services.
- "Officer" means the Chief Executive Officer (CEO), the Principal Officer (PO), any person in a management role who reports directly to the CEO or PO, the internal auditor and the risk manager.

PART II- REGULATORY REQUIREMENTS

5.0 Minimum Requirements for providing Money Remittance Service

- (1) All bank and non-bank financial institutions wishing to engage in money remittance service(s) shall seek approval from the CBL.
- (2) All bank and non-bank financial institutions shall adhere to Regulations No. CBL/RSD/003/2019 Concerning the Licensing and Operations of Electronic Payment Services in Liberia, where applicable and CBL/SD/001/2009-Directive on the Introduction of Financial Products and Services.
- (3) Entities which are not licensed bank or non-bank financial institutions seeking to engage in Money Remittance Services shall meet all the requirements of section 4 (1) of the New FIA and of Section 6.0 of this regulation.
- (4) Entities whose principal line of business is different from offering remittance services shall establish and register a subsidiary solely for becoming a payment service provider.

6.0 Application Procedure

- (1) Any entity seeking license to render Money Remittance Service in Liberia shall submit the following to the CBL for its consideration:
 - a) A letter of application addressed to the Executive Governor of the Central Bank of Liberia, signed by its managing director or chief executive officer for license to conduct such activities.
 - A completed CBL prescribed application form for license obtained from, and to be submitted to, the Regulation and Supervision Department, Central Bank of Liberia.

- A non-refundable application fee of (one hundred United States Dollars) US\$100.00 or its Liberian Dollar equivalent.
- Authenticated and updated copies of business registration certificate along with tax identification number (TIN)from appropriate government agencies.
- Evidence of a United States Dollar bank account maintained with a local bank with a minimum balance of US\$5,000.00 (five thousand United States Dollars) or its Liberian dollar equivalent.
- f) Statement of the names and addresses of the shareholders/owners (including ultimate beneficial owners) and officers of the proposed Money Remittance Entity, along with their curriculum vitae and statement of financial conditions.
- Evidence of title or possessory rights to the premises in which the proposed Money Remittance Service will be offered.
- Provide names and profiles of the proposed officers and initial shareholders, including their addresses and telephone numbers (if applicable), and management; and
- Provide any other information as may be required by the CBL.

7.0 Granting of Provisional License

- (1) Upon compliance with section 6.0 above, the CBL shall grant a provisional license to the applicant for the purpose of completing and fulfilling all outstanding licensing requirements within a period of six (6) months. Failure to complete all outstanding requirements within this timeframe shall lead to the automatic cancellation of the Provisional License, and the applicant shall be required to start the application anew if it so wishes.
- (2) The CBL shall refuse to grant a final license or reject an application if the application does not fully comply with all conditions set forth in these regulations and shall inform the applicant formally of its decision and the reason(s) thereof. The CBL's notice shall also comprise the remedial actions upon which the applicant may re-submit the application.

8.0 Conditions of Provisional License

- (1) In considering the granting of provisional license to conduct Money Remittance Services, the CBL shall require that:
 - the applicants, promoters, directors and /or officers of the proposed Money
 Remittance Entity are 'fit and proper' persons.
 - b) the premises to be used for the operation of the Money Remittance business meet the following minimum requirements:
 - adequate security protection of the premises and facilities in line with the Central Bank of Liberia (CBL) "Directive Concerning Security & Surveillance System at Financial Institutions".

- Internet services as well as any other communication instruments or technology required for the services provided and the kinds of products offered.
- (iii) A conspicuously displayed board showing the name of the entity, a sign showing business days and hours, exchange rate and remittance split percentage, where applicable.
- c) any other requirement prescribed by the CBL from time to time.
- d) the applicant(s) details, including all relevant steps for customers' due diligence, and has in place necessary procedures for validation, integrity and confidentiality of data, as the service or product used for remitting or depositing the money might require. The applicant should provide the below minimum requirements:
 - i) proposed system, including the process flow of transactions,
 - ii) the technical infrastructure setup proposed / planned for the system,
 - iii) the risks identified and the risk mitigants planned.

9.0 Use of Name

- An entity licensed to carry out remittance service shall use the name specified in the license issued by CBL.
- (2) No licensed entity shall have a name of an existing entity nor have a name closely related to an existing one as this would likely mislead the public.
- (3) The registered name of the business must include Money Remittance Service.
- (4) No remittance service provider shall alter or change its license name without the prior approval of the CBL.

10.0 Granting of Final License

- (1) An applicant for a remittance service license shall be required to meet all of the applicable requirements stated in these regulations, plus non-refundable license fee of US\$250.00 or its equivalent in Liberian Dollars before obtaining a final license.
- (2) The CBL shall, where an application is approved, grant a license within thirty (30) working days from the date of receipt of a completed application and fulfillment of all licensing requirements, or notify the applicant of rejection of its application and the reason thereof.

11.0 Conditions on a License and Validity of a License

- (1) When a license is granted, it is subject to several conditions as may be imposed by the CBL and is valid until revoked or surrendered by the institution:
 - a) A license issued may not be transferred;
 - b) A license shall not be assigned or encumbered in any way; and
 - c) Except in the event of a merger or similar corporate restructuring transactions, on such terms and conditions as the CBI shall approve.

(2) The approval of the CBL shall be obtained for any subsequent changes to the contents of the documents submitted at the time of seeking the license.

12.0 Grounds for Suspension and Revocation of License

- (1) In the case of suspension, where a Money Remittance Entity receives a written compliance warning, and a follow up written communication from the CBL, but fails to comply with such warning, the entity shall have its license suspended for up to six (6) months by the CBL.
- (2) The affected Money Remittance Entity shall, from the date of the notice of the suspension cease to operate and provide financial services for the period of the suspension.
- (3) The grounds and process for revoking a license granted to a Money Remittance Entity may be any or all of the following: -
 - The interests of customers or potential customers are in any way threatened, whether by the manner in which the Money Remittance Entity is conducting or proposes to conduct its affairs or for any other reason;
 - The Money Remittance Entity has ceased to carry on the business for which it was licensed within six months, or the licensee as a company goes into liquidation, or the licensee as an individual or partnership becomes bankrupt, or is wound up or otherwise dissolved;
 - The Money Remittance Entity has failed to comply with or observe any of the conditions of the license or regulations and directives of the CBL;
 - The Money Remittance Entity has made a false or incorrect statement in its application of the license;
 - e) An offense under these regulations has been committed by a Money Remittance Entity or any person who at the time of the commission of the offense was a director, manager, or other senior officers of the Entity; and
 - f) The Money Remittance Entity is closed, or its license is suspended for a period of 180 days.
- (4) The CBL shall, before revoking a license, give the affected Money Remittance Entity notice of at least thirty (30) working days in writing of its intention.
- (5) In case the CBL revokes a license:
 - It shall immediately notify the affected Money Remittance Entity that they shall cease to operate and provide financial services.
 - ii) It shall publish the notice of the revocation in an Official Gazette and in at least three newspapers of wide circulation in Liberia, or other forms of publications as it deems appropriate.

13.0 Decision to Refuse or Reconsider License

- (1) The CBL may refuse to issue a license to an applicant in case of nonfulfillment of any of the licensing requirements, on the following grounds:
 - a) Non-submission of required documents in line with Sections 6 & 7;
 - Submission of misleading information;
 - If the provisions of the by-laws or articles of association are contrary to these regulations;
 - If it is evident from the documentation and from other available information that the applicant failed to meet the personnel, organizational and technical requirements for the provision of services;
 - If it is evident from the application and the accompanying documentation that the applicant failed to meet other requirements for the provision of the services covered by the license; and
 - f) Any of the applicants are participating in illegal activities or there is a court decision prohibiting the applicant or one of its owners, shareholders, directors or managers from engaging in financial activities.
- (2) In the case of rejection of a license application, the CBL shall, within thirty (30) working days of receipt of the full application, provide a written statement of the reasons for rejection and shall return all submitted documents.
- (3) The applicant, as the case may be, may apply to the CBL in writing seeking a review of the decision. Any application for review must address the reasons given by the Central Bank in its initial decision. The CBL may uphold or reconsider its initial decision.
- (4) The applicant may resubmit the application at any time, provided that the reason for rejection has been addressed.
- (5) The CBL shall, within thirty (30) working days upon receipt of the application for reconsideration, issue its decision in writing as specified in these Regulations.

14.0 Display of License

A Money Remittance Entity must display at a conspicuous or prominent place in its premises the license obtained from the CBL and the business registration certificate(s) from the appropriate government entity (ies).

15.0 International Partnership Requirements

- (1) A Money Remittance Entity, who wishes to engage an international money transfer organization that will provide global or regional payment or money transfer platform, shall obtain a letter of no objection from the CBL.
- (2) The following conditions shall apply to the international partner:
 - Be a registered entity, licensed in its home country to carry on money transfer activities and well established in the money transfer business, with a track record of operations;

- (b) Submit the latest audited financial statement of the International Partner;
- (c) Be a registered entity, licensed in its home country to carry on money transfer activities and well established in the money transfer business, with a track record of operations;
- (d) Undertake an MOU that clearly delineates liabilities in the event of disputes and/or process failures;
- (3) The CBL shall conduct appropriate due diligence on the promoters, directors and key officers of the proposed international money transfer organization; and
- (4) The international money transfer organization shall at all times maintain adequate funds to mitigate the exposure on the local partners.

16.0 Opening /Closing of Branches

- (1) Unless the conditions of a license limit or restrict an entity to one or more specific sites or locations, a Money Remittance Entity may conduct business at any place or places in Liberia subject to the requirements of CBL guidelines concerning the expansion and closure of branches and/or window and has given notice of its intention to the CBL not less than thirty (30) days prior to opening a new branch;
- (2) A Money Remittance Entity intending to close a place of business shall at least within thirty (30) days before closing such place, notify the CBL of its intention and seek its approval before notifying its clients of its decision;
- (3) Any Money Remittance Entity that fails to fulfill requirements of CBL guidelines concerning the expansion and closure of branches and/or window shall be in breach of the regulations and shall be subjected to appropriate supervisory sanction (s) in accordance with Section 23 of this regulation, including but not limited to closing of such branches;
- (4) The premises of a Money Remittance Entity may be used for Money Remittance Services and other Financial Businesses that are approved by the CBL;
- (5) All Money Remittance Entity branch(es) to be established shall ensure that it's premises and/or facilities are convenient and adequately secured for financial transaction; and
- (6) No Money Remittance Entity shall be allowed to conduct business on behalf of another Remittance Entity except as a branch established pursuant to this section.

17.0 Annual Operating Levy

(1) A Money Remittance Entity shall pay an annual operating levy of US\$1,000.00 or its Liberian Dollar equivalent, or such other amount as may be determined by the CBL from time to time. Failure to pay the operating levy shall lead to the revocation of a license.

Part III. OPERATIONAL REQUIREMENTS

18.0 Disbursement of Funds

- (1) Funds remitted shall be disbursed immediately upon receipt as instructed by the payer or on demand;
- (2) Any amount above \$2,500.00 received or transferred by a Money Remittance Entity for each transaction shall be terminated into the recipient's bank account or mobile wallet only, subject to Section 15 of the CBL/RSD/003/2014 Regulations Concerning Mobile Money for the recipient final withdrawal or transaction. However, any amount up to US\$2,500.00 based on the recipient's choice may be paid to the recipient over the counter or transfer into the recipient bank account or mobile wallet;
- (3) All payments to recipients of inbound money transfers are to be made as follows:
 - a) Twenty-five percent (25%) shall be paid in Liberian Dollars; and
 - b) Seventy-five percent (75%) shall be paid in United States Dollars.
- (4) The CBL shall from time to time, prescribe by directive/rules the currencies in which payments of inbound money transfers are to be made and the payment of the proceeds of the transfers.
- (5) Each Money Remittance Entity must seek the prior written approval of the CBL before the appointment of any officer or director; it must also notify the CBL with any proposed alteration in its guidelines or certificate of incorporation or shareholders or directors not less than two (2) weeks before the effective date of the change.

19.0 Exchange Rate

- (1) In determining the payment of the Liberian Dollar component of the inbound transfer, the financial institution shall use the CBL published selling exchange rate prevailing at the date of the payment of the transfer to the recipient. The exchange rate shall be conspicuously displayed in the premises of the financial institution.
- (2) The financial institution is required to indicate on the receipt or payment form issued to the recipient the exchange rate and full value of the Liberian dollar.

20. Fees and Charges

(3) The CBL shall be notified and shall approve of fees and charges as well as changes to all fees and charges concerning money remittance products and services; and

A Money Remittance Entity shall conspicuously display a schedule of all its fees/charges.

21.0 Agents Engagement

 An approved Money Remittance Provider may conduct its business through an agent, in line with the provisions of these regulations;

- (2) For the purpose of this regulation, an agent is a suitable entity engaged by a Money Remittance Entity to provide money transfer services on its behalf, using the agent's premises, staff and technology;
- (3) A Money Remittance Entity shall be responsible to identify, recruit, appoint, contract, educate, equip and monitor activities of their Agents subject to their policy and procedure manual.
- (4) There shall be a clear and documented Agent Selection Policy and Procedure Manual.
- (5) The agreement signed between the Money Remittance Entity and the Agent shall at a minimum include:
 - (i) Standard of performance.
 - (ii) Customer service.
 - (iii) Consumer protection.
 - (iv) Roles and responsibilities of the parties
 - (vi) Procedures governing disruptions and material risks.
 - (vii) Customer data protection.
 - (viii)Insurance requirements (if applicable).
 - (ix) Provisions governing termination of contracts.
 - (x) Business continuity measures.
 - (xi) Right of Money Remittance Entity to monitor agent's activities, policies, procedures, etc.
 - (xii) Right of CBL to inspect agent's data, records, etc.
 - (xiii) Proper signature.
- (6) There shall be non-exclusivity regarding the recruitment of Agents. Agreements with Agents must have non-exclusivity clauses that allow agents to contract freely with other providers. An Agent can provide services to multiple Money Remittance Entities provided that the Agent has a separate service agreement with each authorized institution.
- (7) A Money Remittance Entity shall be fully responsible and liable for all actions and omissions of its Agents in the performance of its duties in line with their agreement.

22.0 Suitability for selection:

- (1) An Agent shall:
 - (a) be a registered business with the relevant Government Authorities and must possess a tax identification number and/or a tax clearance, where applicable;
 - (b) Be an existing registered commercial entity which has been operational for at least six (6) months;
 - (c) Not been classified as a deficient, doubtful or non-performing borrower by an institution in the last 12 months preceding the date of signing the contract. That status shall be maintained for the duration of the contract;

- Possess appropriate physical infrastructure and human resources to provide Money Remittance services.
- Provide evidence of availability of funds to cover its operations including withdrawals by customers and the ability to meet commitments; and
- (f) Be of good moral, business and professional repute.
- (2) The use of names like bank, financial intermediary, microfinance bank or any other word suggesting that the Agent which is not itself a licensed financial institution is prohibited.

23.0 Records Keeping

- (1) A Money Remittance Entity shall properly record all financial transactions in accordance with the Generally Accepted Accounting Principles. A Money Remittance Entity shall issue receipts for all financial transactions and shall maintain a register, either in paper or electronic form, showing the names of beneficiary and sender, remittance amount, date of remittance and date of payment;
- (2) Each Money Remittance Entity shall maintain a register of funds not claimed for thirty (30) days and a separate register showing complaints of non-receipt of funds, with a column indicating the measures the entity is taking to settle the issue;
- (3) All registers and all other relevant records of Money Remittance Entities shall be kept up-todate and be retained for the period of five (5) years and also be made available for inspection by CBL Examiners and other persons authorized by the CBL upon request.

24.0 Data Protection

All Money Remittance Entities shall maintain privacy and confidentiality of all customer information and data, unless sharing customer information and data is authorized by the customer or on a court order or in keeping with the AML/CFT regulations for financial institutions.

25.0 AML/CFT Requirements

All Money Remittance Entities shall comply with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) provisions as specified in the national AML/CFT laws and the Central Bank of Liberia Regulations Concerning Anti-Money Laundering and Countering the Financing.

26.0 Consumer Protection

The Money Remittance Entity and its Agents need to ensure that adequate policies for customer protection, awareness and dispute resolution are in place in compliance with CBL Regulation Concerning Consumer Protection and Market Conduct.

27.0 SUBMISSION OF RETURNS TO THE CBL

- (1) Each Money Remittance Entity shall submit to the Regulation and Supervision Department of the CBL the following returns not later than ten (10) working days after the end of the period for which the report is being made:
 - (a) Weekly Reports

Submit to the CBL a weekly report as required under Section 4 of the Regulation concerning payment of inbound and outbound transfers;

(b) Monthly Reports

Funds received for remittance but not yet remitted, as well as funds received from abroad but not yet disbursed (ANNEX I); and

(c) Quarterly Reports

Statement of total funds transferred and received from abroad (ANNEX II).

- (2) Balances with foreign and local banks and foreign currency cash holding at the close of business on the last day of each month (ANNEX III);
- Any other return/report that the CBL may require from time to time;
- (4) Any Money Remittance Entity, which fails, neglects or refuses to submit returns, delay in submission of returns or submits inaccurate returns, shall pay a fine of L\$100,000.00 or its United States dollars equivalent for each day of the violation;
- (5) Where the CBL considers it necessary, it may appoint a certified accounting firm to prepare proper books of account or render accurate returns, as the case may be, for the entity concerned and the cost of preparing the account or rendering the returns shall be borne by the entity;
- (7) If a Money Remittance Entity fails to take all reasonable steps to ensure that proper books of accounts are kept with respect to all transactions of the entity or at its head office and/or branches, the CBL may impose a fine not exceeding L\$100,000.00. In addition, the CBL may impose on the entity such other penalties as it may deem appropriate.

28.0 EXAMINATION OF MONEY REMITTANCE ENTITIES

- (1) The CBL shall carry out on-site examination of Money Remittance Entities at least once a year. The CBL shall have the right to order an investigation into the affairs of any entity whose conduct justifies this course of action;
- (2) Any person duly authorized by CBL to conduct an investigation or examination may enter the premises where a licensee is carrying on business to inspect the premises and any book or document on the premises which he reasonably requires to inspect for the purpose of ascertaining whether a contravention of the regulations or any other regulation issued is being committed or has been committed; and
- (3) If any Money Remittance Entity fails to permit an authorized person from the CBL to inspect or perform the functions assigned or refuses to produce any book under his control which the authorized person requires for the performance of the assignment specified, the

CBL shall impose penalty on the entity including the withdrawal of the business license in accordance count 9 and Section 23 (2) of the FIA. In addition, the entity shall be subjected to prosecution in the courts for the offence committed.

29.0 Voluntary Liquidation

A Money Remittance Entity shall not voluntarily cease from carrying on business without the approval of the CBL following the procedure for voluntary liquidation set in New FIA, in particular Section 41 to 46.

30.0 Publication of Licensed Money Remittance Providers

The CBL shall develop a list of licensed Money Remittance Entities to be published on its website, and once every year in the Official Gazette and at least one newspaper of wide circulation in Liberia or other forms of publications as the CBL deems appropriate.

PART IV—REMEDIAL MEASURES AND ADMINISTRATIVE SANCTIONS

31. Penalty for Non-Compliance

- (1) Any Money Remittance Entity violating these regulations shall be subjected to the appropriate supervisory sanctions, including but not limited to restriction on further expansion of Money Remittance services, a fine of at least L\$100,000 for each violation or each day of the violation, suspension and dismissal of staff found to be responsible for flagrant violation of these regulations and/or other related directives of the Central Bank of Liberia and/or in an extreme case, revocation of the operational license of the authorized institution.
- (2) The following will attract fines, suspension or revocation license:
 - Failure to submit monthly reports on time (after the tenth business day of the financial month)- first three monthly offenses: letter of warning.
 - (ii) Failure to submit timely monthly reports for three consecutive months may result in the suspension or revocation of the license.
 - (iii) Failure to submit the monthly report for an entire month will attract a fine and written notification of possible suspension or revocation of license.
 - (iv) Fines may also be assessed for not correcting deficiencies found during inspections or examinations.

Part V. MISCELLANEOUS

32.0 Forbearance

- (1) All remittance entities or providers already operating under a remittance license issued by the CBL prior to the commencement of this Regulation, shall be deemed to be licensed under this Regulation from the date that this Regulation comes into effect.
- (2) Furthermore, these existing licensed remittance entities and providers shall be subjected to full compliance of this Regulation. Any operations of the licensed money remittance entity

Concerning Regulation for Licensing and Supervision of Money Remittance Entities

or provider not conforming to this Regulation at the time of its issuance, shall be brought into compliance within one (1) year from the effective date of this Regulation.

33.0 Amendments

The CBL reserves the right to make amendments to these rules and regulation from time as the need arises.

34.0. Effective Date

These regulations shall take effect immediately upon publication in the Official Gazette and shall remain in force until otherwise advised by the Central Bank of Liberia.

BY THE ORDER OF THE PRESIDENT

MINISTER OF FOREIGN AFFAIRS MINISTRY OF FOREIGN AFFAIRS MONROVIA, LIBERIA