



CENTRAL BANK OF LIBERIA



EG 0012272

OFFICE OF THE EXECUTIVE GOVERNOR

DIRECTIVE CONCERNING THE TRANSITION FROM MANUAL CLEARING TO AUTOMATED CHEQUE PROCESSING

DIRECTIVE NO. CBL/PSD/BD/DIR/001/2026

In exercise of the powers conferred upon the Central Bank of Liberia (CBL) under the amendment and restatement of the Act Establishing the CBL 1999, and The New Payments System Law of Liberia of 2014, and in line with the provisions of the CBL Automated Cheque Processing/Automated Clearing House (ACP/ACH) System Rules, the Central Bank hereby issues the following directive:

Purpose and Policy Objective

The purpose of this Directive is to ensure an orderly and efficient transition from the existing manual check-clearing process to fully automated check-processing environment within the Liberian financial system. The Directive establishes a transitional timeline to facilitate industry-wide compliance with the Regulation on Check Codification and MICR Standards in Liberia, and to support the phased discontinuation and ultimate closure of manual check clearing processes. The overall objective is to enhance payment system integrity, improve processing efficiency, and align the national check-clearing framework with modern automated standards.

Scope and Applicability

This directive applies to the following:

- All commercial banks and financial institutions licensed by the CBL that participate in the National Payment Systems;
- All cheques and other debit payment instruments issued, presented and cleared within the Liberian financial system;
- All processes, procedures, and operational activities governed by the ACP/ACH System Rules.



Interpretation and Definitions

For the purposes of this Directive, unless the context otherwise requires and except where a term is defined in the Act Establishing the Central Bank of Liberia, the New Payment Systems Act, or applicable CBL regulations, the following terms shall have the meanings assigned to them below:

- a. **“ACP/ACH System”** means the Automated Cheque Processing and Automated Clearing House System established, owned and operated under the authority of the Central Bank of Liberia for the electronic clearing and settlement of cheques and other eligible payment instruments.
- b. **“ACP/ACH System Rules”** means the rules, procedures, technical standards, and operational guidelines governing participation, clearing, and settlement within the ACP/ACH System, as issued or approved by the Central Bank of Liberia.
- c. **“Automated Cheque Processing”** means the electronic capture, validation, clearing, and settlement of cheques using standardized formats and MICR technology through the ACP/ACH System.
- d. **“Cheque”** means a cheque as recognized under applicable Liberian law and CBL regulations, including any debit payment instrument designated by the Central Bank as eligible for clearing through the ACP/ACH System.
- e. **“Cheque Codification”** means the standardized numbering, structure, and data elements of cheques, including bank codes, branch codes, account identifiers, and serial numbers, as prescribed under applicable CBL regulations.
- f. **“Financial Institution”** means any commercial bank or other institution licensed and supervised and overseen by the Central Bank of Liberia and authorized to participate in the National Payment Systems.
- g. **“Manual Cheque Clearing”** means the physical, paper-based exchange, verification, and settlement of cheque outside the ACP/ACH System.
- h. **“MICR”** means Magnetic Ink Character Recognition technology used for encoding and electronically reading cheque information in accordance with approved standards.
- i. **“MICR Cheque Codification Standards”** means the technical and operational standards governing MICR encoding, cheque layout, and data fields, as adopted by the Central Bank of Liberia, including standards aligned with the West African Monetary Zone.
- j. **“Participant”** means any financial institution authorized by the Central Bank of Liberia to participate in the ACP/ACH System.
- k. **“Regulation on Check Codification and MICR Standards in Liberia”** means the regulation issued by the Central Bank of Liberia governing cheque design, codification, encoding, and processing requirements.



- 1. Transitional Period**” means the period specified in this Directive during which participants are required to migrate from manual cheque clearing to automated cheque processing.

Transitional Timeline and Closure of Manual Clearing

With effect from March 20, 2026, all commercial banks and financial institutions participating in the National Payment Systems shall commence the transition from manual check clearing processes to automated check processing under the ACP/ACH framework.

During the transitional period, all banks and financial institutions shall standardize and issue checks in full compliance with the Regulation on Check Codification and MICR Standards in Liberia, as approved by the Board of Governors of the Central Bank of Liberia.

Manual check clearing processes shall be fully discontinued with effect from August 1, 2026, after which all checks shall be cleared exclusively through the ACP/ACH system. No manual clearing or settlement of checks shall be permitted beyond this date.

Clearing Automation – Transitional Timeline (2026)

Activity	Timeline	Key Deliverables	Expected Impact
Quality Enhancement & Compliance	March 20 – May 31, 2026	Improved paper & ink quality Accurate cheque data fields Standard MICR placement	Reduced manual intervention Improved machine processing Lower clearing delays
Pilot Testing of Standard Cheques	June 1 – Jul 31, 2026	Pilot rollout of standard cheques System testing Staff operational readiness	Early issues/ risk identification Improved scanners’ reliability Stakeholder confidence
Withdrawal of Non-Standard Cheques	May 1 – Jul 31, 2026	Decommissioning of legacy cheques withdrawal and replacement	Elimination of legacy cheques Reduced failure exposure Faster clearing cycles
Closure of Manual Clearing	1-Aug-26	Full automation of cheque clearing Manual clearing shutdown	Reduced operational cost Faster settlement Improved automated environment



Rationale

By eliminating manual clearing and enforcing standardized automated cheque processing, this Directive seeks to:

- Enhance operational efficiency and reduce systemic and operational risks associated with manual cheque-clearing processes;
- Ensure full compliance with the Regulation on Check Codification and MICR Standards in Liberia, thereby improving data accuracy, straight-through processing, and overall system integrity;
- Support the harmonization and modernization of Liberia's National Payment Systems;
- Strengthen public confidence in the integrity, reliability, and efficiency of cheque-based payment instruments.

Compliance Requirements

All commercial banks and financial institutions are required to:

- Adopt, implement and comply with the Regulation on Check Codification and MICR Standards in Liberia;
- Ensure that all cheques are designed, printed, encoded, presented and processed in accordance with the ACP/ACH framework and applicable regulations and directives issued by the Central Bank of Liberia;
- Submit to the CBL, no later than July 1, 2026, evidence of operational, technical, and procedural readiness to transition fully from manual clearing to automated cheque processing.

Sanctions for Non-Compliance

Failure to comply with the provisions of this Directive, including adherence to the MICR Cheque Codification Standards and ACP/ACH System Rules, shall result in regulatory sanctions consistent with Article 46 of The New Payments System Law of Liberia (2014). These may include, but are not limited to:

- Monetary fines as determined by the CBL;
- Directives to take corrective measures, including immediate remediation of deficiencies;



- Suspension or restriction of participation in the National Payment Systems.

The CBL reserves the right to impose additional remedial actions deemed necessary to preserve the safety and efficiency of the national payments infrastructure

Review and Monitoring

The CBL will continue to monitor the implementation and industry-wide adherence to this directive and may from time to time, review, amend or enhance these requirements to ensure alignment with national policy objectives, regional integration goals, and market developments.

For further information or clarification, please contact the Payment Systems Department of the Central Bank of Liberia.

This directive is issued in furtherance of the CBL's statutory mandate to ensure the safety, efficiency, stability and modernization of the National payment system.

ISSUED THIS 5TH DAY OF MARCH 2026

A handwritten signature in black ink, enclosed within a hand-drawn oval border.

Henry F. Saamoi

EXECUTIVE GOVERNOR