

BANK OF SIERRA LEONE

Guidelines for e-Money Issuers

Govt. Notice No. 36

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SCHEDULE A: E-MONEY ACCOUNT TYPES AND KYC REQUIREMENTS

PART I: PRELIMINARY

1. Authority

These guidelines are issued under authority provided in Section 49 of the Other Financial Services Act 2001.

2. Scope

These guidelines apply to the issuance of e-money and the licensing and supervision of e-money issuers and supersede any prior guidelines previously issued by the Bank in so far as those guidelines concern the issuance of e-money by non-bank financial institutions.

3. Objectives

These guidelines are established to encourage a safe and secure system for e-money in furtherance of Sierra Leone's Financial Sector Development Plan and National Financial Inclusion Strategy.

4. Interpretation

In these guidelines, unless otherwise provided in other laws or regulations:

"Cash-in" means the delivery of currency to the e-money issuer or their agent in exchange for e-money of equal value added to the customer's e-money account.

"Cash-out" means the transfer of e-money from the customer's account to the e-money issuer or their agent in exchange for currency of equal value.

"Bank" or "The Bank" means the Bank of Sierra Leone.

"Customer Due Diligence" means measures for obtaining and verifying customer identity and other information including true name, address and employment at the time of establishing a business relationship or as a condition of completing an e-money transaction.

"Electronic Money" or "e-money" means an electronically stored monetary value, issued against receipt of funds in local currency and redeemable for cash, that accepted as a means of payment by persons other than the issuer.

"E-money account" means the account with an e-money issuer in which the customer's e-money balance is recorded and through which the customer transacts.

"E-money issuer" means an entity that issues the e-money instrument against receipt of funds under a license issued by the Bank.

"E-money Platform" means one or more software applications used to facilitate e-money services and which maintains customer account records, clears and settles transactions among account holders, and maintains the aggregate of all e-money issued and outstanding at any point in time.

"Trust Account" means an account held in a deposit taking financial institution for and on behalf of the participants in the e-money service who have deposited cash in exchange for e-money.

"Know Your Customer" means procedures undertaken to confirm the identity of a customer, their ultimate beneficial owner if other than an individual person and the purpose of their use of e-money or the purpose of initiating a particular e-money transaction. They can be also fully-digitalized (e-KYC).

"Licensee" means the holder of a valid e-money issuer license issued pursuant to these guidelines.

"Over The Counter Transaction" (OTC) means a transaction with a customer who does not otherwise have an account with the institution providing the transaction service.

"Person" means an individual or a body corporate or association of bodies of persons whether or not incorporated.

"Personal Identification Number" (PIN) means a number chosen by the customer that must be used to authenticate e-money account access or transactions.

"Real-time" means the instantaneous processing and final settlement of transactions when a transaction instruction is received by the e-money system.

"Suspicious transaction" means a transaction which is abnormal or unusual for a particular account or is part of an unusual pattern of transactions relating to an account or any group of associated accounts.

"Standalone" means **"E-money entity, license solely for the purpose of E-money remittances"**.

"Transaction" means any access to an e-money account by the account owner for purposes of determining the status of the account or any action by the owner or a third party that results in the addition or reduction of e-money in the account.

PART II: LICENSE TO ISSUE E-MONEY

5. License Required

- (1) Any person issuing e-money shall be licensed by the Bank.
- (2) Any licensee under these guidelines shall be a limited liability company duly registered with the Corporate Affairs Commission.
 - a) Anyone intending to become an e-money issuer shall form an independent corporate subsidiary to hold the license and carry on the e-money business.

6. License Application

An application for authorization to issue electronic money under this section shall contain

- (1) A copy of any existing license held by the applicant under the Banking Act, 2019 or the Other Financial Services Act, 2001 if any;
- (2) Proposed structure for management and governance of e-money operations;
- (3) Memorandum and Articles of Association;
- (4) Certificate of Business Incorporation;
- (5) Certificate of Business Registration;
- (6) A business plan addressing at least the following:
 - a) The estimated resources required to establish and operate the e-money scheme until such time as it becomes profitable, together with a showing that such resources are available to the applicant.
 - b) A business risk assessment and proposed mitigation steps;
 - c) A proposed schedule of fees and charges for each product, transaction type or service to be provided;
 - d) A plan for recruiting, training, supervising agents if agents are to be employed;
 - e) A copy of any agency agreement(s) to be used;
 - f) A description of KYC procedures to be employed when establishing user accounts or facilitating over the counter (OTC) transactions;
 - g) A description of customer complaint resolution procedures to be employed;
 - h) A description of the e-money platform [system] to be employed and any software certifications attached to that application.
 - i) A plan for data security and the maintenance of confidentiality of customer information.
 - j) A plan for business continuity & disaster recovery;
- (7) Details regarding the platform to be used, including any software certifications, software licensing arrangements and provisions for technical support of the application;
- (8) Details of any outsourcing arrangements or partnership agreements in existence or to be entered into as part of the e-money business;
- (9) Any other information required by the Bank.

7. Review of License Application

- (1) Within 30 days of receipt of a completed application the Bank shall grant or deny a license and shall so notify the applicant.
- (2) Within 10 days of notice that an application has been denied, the applicant may make representations to the Bank and petition the Bank for review of its decision.
- (3) The Bank shall undertake a review of the decision and notify the applicant of the results of its review within 10 days.
- (4) With 10 days written notice to the applicant, the Bank may extend the time for review of an application.

8. Validity of License

- 1) A license to issue e-money shall be for a renewable term as determined by the Bank.
- 2) A license to issue e-money shall be terminated when
 - a) Any license issued to a corporate parent of the licensee pursuant to the Banking Act, 2019 or the Other Financial Services Act of 2001 is revoked by the Bank or expired;
 - b) Any license or regulatory approval issued by any other agency of the government of Sierra Leone is terminated or revoked.
 - c) The corporate parent or other beneficial owner of the licensee becomes insolvent or winds up its business;
 - d) There is a transfer of ownership of the beneficial owner of the licensee or any corporate parent of the licensee that is not otherwise determined in advance by the Bank.

PART III: ISSUANCE OF E-MONEY**9. Denomination and Value**

- 1) E-Money issued pursuant to these guidelines shall be denominated in Leones and each unit of e-money shall be issued or redeemed at par value of one Leone.
- 2) Any form of discount or premium on the issuance or redemption of e-money is strictly forbidden.

10. Trust Accounts

- 1) An e-money issuer shall establish one or more trust accounts and shall ensure that at any point in time within the day, the amount of cash in the account is equal to or more than the total amount of e-money registered in the accounts of e-money holders.
- 2) An e-money issuer that is a bank or other deposit taking financial institutions may maintain a trust account on its own books.
- 3) An e-money issuer that is not a bank shall maintain trust accounts in one or more banks as necessary to meet the requirements of this section.
- 4) A trust account under this section shall have trustees with users of the e-money backed by the funds in the account listed as beneficiaries and funds pertaining to each customer-beneficiary shall stay segregated from those of other customers-beneficiaries.
- 5) Trust account funds may be invested in fully liquid government issued securities as determined by the Bank but not otherwise loaned or used, under any guise or purpose, as collateral for negotiation of loans;
- 6) Trust account funds shall not be counted as any part of a bank's capital requirement.
- 7) The trust account funds shall be protected from any effects of insolvency of the trustee and cannot be attacked by any creditors of the trustee.
- 8) For purposes of this section receipt of credible information by any employee of the licensee, by any means communicated, is sufficient notice.

PART IV: AGENTS**11. Authorization to Use Agents**

Subject to the requirements of the Guidelines for the Use of Agents issued by the Bank concerning the use of agents by financial institutions, an e-money licensee may employ agents, master agents, or agent network managers.

PART V: PRODUCTS AND SERVICES**12. Products and Services Permitted**

An e-money issuer may provide to end-users, directly or through agents, the following services

- (1) Cash-in or cash-out;
- (2) E-money funds transfer, whether to a customer of the same or a different e-money issuer;
- (3) Bulk transfers for payment of social benefits, salaries or similar items;
- (4) Automated bill payment services for the benefit of utility companies, schools, or government agencies.

- (5) Credit products only if the issuer is otherwise licensed as a bank or a non-bank deposit taking institution;
- (6) Direct linkage between an account at a bank or non-bank deposit taking institution allowing for electronic transfers between the bank account and e-money account.
- (7) Any other product deemed fit by the Bank.

13. Over-the-Counter (OTC) Transactions

E-money issuers are permitted to process OTC funds transfers subject to the following conditions:

- (1) The customer initiating the transfer and the customer receiving the transfer each provide the same documentation as would otherwise be required if the transaction were conducted through an end-user account type 2 or 3 as identified in section 16 below.
- (2) The e-money issuer captures, stores and preserves both sender's and recipient's information for a minimum of 5 years.

14. Clearing and Settlement

All e-money transactions shall be cleared and settled in real time and comply with provisions on non-repudiation contained in the National Payment Systems Act.

15. Marketing Arrangements

- (1) Subject to approval by the Bank, e-money issuers may facilitate the purchase or servicing of certain financial products including, credit or insurance products, if offered in partnership with an institution otherwise licensed to offer such products and the identity of the product provider is disclosed to e-money customers.

PART VI: E-MONEY ACCOUNTS

16. Account Types

- (1) To encourage the widest possible access to e-money products and services while maintaining adequate and consistent protections against money laundering or terrorist financing, e-money accounts shall be of the five types listed below.
 - a) Tier 1 end-user account -small value account for individuals;
 - b) Tier 2 end-user account - intermediate value account for individuals;
 - c) Tier 3 end-user account - large value account for qualified individuals;
 - d) Merchant account - for businesses, including government enterprises, offering products or services to the public;
 - e) Agent account - for use by e-money agents or master agents serving customers.
- (2) A licensee that fails to adhere to the requirements of this section may receive a maximum administrative penalty to be determined by the Bank.

17. Account Requirements

- (1) All KYC requirements shall be completed prior to opening any e-money account.
- (2) Transaction limits, KYC requirements and risk mitigation requirements for each account are detailed in Schedule A, which may be updated by the Bank periodically upon 30 days' notice to e-money issuers.

18. Account Opening

KYC requirements for accounts shall be subject to the following restrictions:

- (1) Tier 1 accounts may be opened by an agent, or opened automatically without further review, upon receipt of customer information.

Tier 1 Daily	500,000
Monthly	Le2,500,000

- (2) Tier 2-5 accounts may not be opened by an agent, or by any automatic process, but may only be opened after all required information and documentation is received and verified by the e-money issuer.

Tier 2 Daily	Le1,000,000
Monthly	Le5,000,000

Tier 3 As per the policies of the financial Institutions

19. Dormant Accounts

- (1) An e-money account for which there are no transactions for a continuous period of 6 months shall be considered dormant.
- (2) A dormant account may be suspended by the e-money issuer but the issuer shall retain any account balance in the name of the customer for a period not less than 1 year.

20. Abandoned Property

The balance remaining in any account dormant for more than 1 year shall be deemed abandoned property and shall be turned over to the Bank in accordance with the provisions of the Banking Act 2019 and the Other Financial Services Act 2001 and any other enactment.

PART VII: OPERATIONS AND RISK MANAGEMENT

21. Document Capture

An e-money issuer shall verify customer identity, by capturing and storing a digital image of all documents required for account opening.

22. IMPLEMENT ACCEPTABLE MEASURES TO DETER THE USE OF E-MONEY FOR MONEY LAUNDERING AND COMBATING TERRORISM FINANCING ACT

- (1) An issuer of e-money shall ensure that the design and implementation of its e-money scheme reduces the opportunities and incentives for such abuse and provides the means to sieve out suspicious transactions.
- (2) An issuer of e-money shall conform with the Anti-Money Laundering and Combating Terrorism Financing Act 2012 (AML/CFT) and the important regulations and guidelines relating to money laundering and terrorism financing

23. System Requirements

Any platform used to provide e-money services shall provide at least the following requirements

- (1) The system has the functionality to maintain and provide timely and accurate audit trail of all transactions, statistical information and report
- (2) Provides automatic blocking of attempted transactions that exceed proscribed transaction limits.
- (3) Stores photo or scanned images of identity documents provided by customers.
- (4) Supports AML/CFT surveillance functionality for detection, alert and analysis of suspicious transactions.
- (5) Deployment and implementation of an appropriate system security infrastructure and authentication mechanism, which should be suitable with the nature and complexity of the e-money's system design, architecture, and platform, and are further perfected with the implementation of procedural safeguards to identify and safeguard against fraud and hacking.
- (6) A high level of system availability is essential to preserve public confidence. Issuers shall make sure that they have resources and capacity in terms of hardware, software and other operating abilities to provide regularly reliable service.
- (7) Complete and well-documented operational and technical procedures to ensure operational dependability;
- (8) System shall be designed with enough capacity, which is monitored and upgraded ahead of business changes;
- (9) The system shall have a robust business continuity framework, which includes a highly reliable backup system;
- (10) Such other requirements as maybe determined by the Bank of Sierra Leone.

24. Internal Controls

- (1) An e-money issuer shall establish and maintain a risk management framework including an internal audit function and maintain proper segregation of duties and otherwise appropriately restrict access to the e-money platform and user accounts.
- (2) (a) E-money issuers shall establish rules, policies and procedures for monitoring transaction flows and patterns for suspicious transaction.
- (b) Any suspicious transaction shall be promptly investigated, and a suspicious transaction report shall be filed with the Bank and FIU.

25. Fraud

Upon receiving information of any fraud or attempted fraud, by any employee or agent of the issuer, or by any third-party purporting to act on behalf of the issuer or its agent, a licensee shall

- (1) Commence an investigation to confirm if a fraud or attempted fraud exists;
- (2) If confirmed, immediately notify the Bank and provide such detail regarding the incident as the Bank may require in order to assess the risk and potential impact of the fraud.

PART VIII: OVERSIGHT REPORTING AND SANCTIONS**26. Returns**

E-Money issuers shall submit to the Bank in such form and within such time as the Bank may specify, such returns, data, information, explanation or particulars as the Bank may prescribe.

27. Examinations

The Bank may conduct examinations of an e-money issuer's operations as deemed necessary for the effective supervision of the e-money business.

- (1) No notice to the issuer shall be required before commencing an examination.
- (2) For purposes of conducting an examination the Bank shall be afforded access to the e-money issuer's places of business including the place of business of any agent or critical service provider of the issuer.
- (3) For purposes of conducting an examination the Bank shall have access to any books, records, documents, information systems or personnel of the issuer or any critical service provider of the issuer.

28. Audits

- (1) Standalone E-money issuers shall submit annual audited financial statements to the Bank.
- (2) The Bank may designate and appoint a qualified independent person to conduct an audit of the operations, including the technology systems, of a licensee and the costs thereof shall be borne by the licensee.
- (3) Where any audit is performed pursuant to section 27(2) above, any final report of the auditor shall be submitted to the Bank.

29. Notice

- (1) For purposes of this section electronic communication by email to the Chairman of the Board, copying the managing executive or other contact designated by the issuer shall be deemed sufficient notice.
- (2) In the event of changes to the terms and conditions of an e-money account or any change to prices charged for e-money services, the e-money issuer shall submit to the Bank a written notice not later than 30 days prior to any such changes becoming effective.

30. Penalties

The Bank may impose penalties and/or administrative sanctions on any e-money issuer that fails to comply with the provision of these Guidelines

PART IX: CONSUMER PROTECTION

31. All issues of Consumer Protection shall be addressed under Consumer Protection Guidelines

32. Effective Date

These Guidelines shall take effect immediately upon publication in the Gazette and shall remain in force until otherwise determined by the BSL.

SCHEDULE A: E-MONEY ACCOUNT TYPES AND KYC REQUIREMENTS

Account Type	Account Limits (SLL)	KYC Requirements	Risk Mitigation Steps
Tier 1: Individual	Single transaction	50,000	1. Customer name
	Daily transaction volume	500,000	2. Location of residence
	Maximum account balance	500,000	3. Mobile phone number

Account Type		Account Limits (SLL) ¹		KYC Requirements	Risk Mitigation Steps
Tier 1: Individual		Single transaction	50,000	<ol style="list-style-type: none"> 1. Customer name 2. Location of residence 3. Mobile phone number 	
		Daily transaction volume	500,000		
		Maximum account balance	500,000		
Tier 2: Individual		Single transaction	200,000	All tier 1 items, plus <ol style="list-style-type: none"> 1. Copy of government issued ID (national ID, voter registration, passport) 2. 	Photo image of ID documents to be captured and stored. Issuer to conduct document review and verification prior to account opening.
		Daily transaction volume	1,000,000		
		Maximum account balance	5,000,000		
Tier 3: Individual		Single transaction		All tier 1 items plus <ol style="list-style-type: none"> 1. Government issued photo ID 2. Employer or business name and location 	Photo image of ID documents to be captured and stored. Issuer to conduct document review and verification prior to account opening.
		Daily transaction volume			
		Maximum account balance			
Tier 4: Merchant		Single transaction		<ol style="list-style-type: none"> 1. Mobile phone number(s) to be used 2. Business name and type 3. Location of principal place of business 4. Company registration number 5. List of owners or directors (if corporate) 6. Photo ID of Owners or executive director (if corporate) 	<ol style="list-style-type: none"> 1. Photo image of ID documents to be captured and stored. 2. Validity of business registration to be verified. 3. Issuer to conduct document review and verification prior to account opening.
		Daily transaction volume			
		Maximum account balance			
Tier 5: Agent or Master Agent		Single transaction		<ol style="list-style-type: none"> 1. Business name and type 2. Address of principal place of business 3. Company registration number 4. List of owners or directors (if corporate) 5. Photo ID of Owners or executive director (if corporate) 	<ol style="list-style-type: none"> 1. Photo image of ID documents to be captured and stored. 2. Validity of business registration to be verified (if available) 3. Issuer to conduct document review and verification prior to account opening.
		Daily transaction volume			
		Maximum account balance			