

GUIDELINES ON MONEY REMITTANCE BUSINESS**Govt. Notice No. 35**

Pursuant to Section 53 of the Other Financial Services Act 2001 and Bank of Sierra Leone Act, 2019 the Bank of Sierra Leone (BSL) hereby issues and sets forth these Guidelines as follows:

1. Definitions

- (1) In these Guidelines, unless the context otherwise requires:
 - a) "Money Remittance Business" means a service for the transmission of money or any representation of monetary value without any payment accounts being created in the name of the payer or the payee, where-
 - (i) funds are received from a payer for the sole purpose of transferring a corresponding amount to a payee or to another payment service operator acting on behalf of the payee; or
 - (ii) funds are received on behalf of, and made available to the payee;
 - b) "Money Remittance Entity" means a provider licensed to operate a Money Remittance Business. Only an incorporated business may be licensed to render Money Remittance Business.
 - c) "License" means an approval received from the BSL in order to legally operate a Money Remittance Business in Sierra Leone.
 - d) "Registration" means a certification by the appropriate government agencies indicating the legal existence of an entity seeking to operate a Money Remittance Business in Sierra Leone.
 - e) "Fit & Proper person" means a person who is suitable to hold the particular position which that person holds or is to hold as stated in the Banking Act 2019.

2. Minimum Requirements to provide Money Remittance Business

- (1) No person shall operate on the activity of a Money Remittance Business without prior license from the BSL.
- (2) Entities whose principal line of business is different from offering financial services shall establish and register a subsidiary solely for becoming a Money Remittance Entity.

3. Application

- (1) Any person seeking to render Money Remittance Business in Sierra Leone shall submit the following to the BSL for consideration:
 - a) A letter of application addressed to the Director, Financial Stability of the BSL, requesting approval to conduct such activities.
 - b) A non-refundable application fee as established by the BSL from time to time
 - c) Authenticated and updated copies of business registration certificate along with current tax records from appropriate government agencies.
 - d) Evidence of a bank account maintained with a local bank with a minimum balance as established by the BSL from time to time.
 - e) 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.
 - f) Evidence of title or possessory rights to the premises in which the proposed Money Remittance Business will be offered.
 - g) Business Plan for the next five (5) years, to include nature of the business, features of the scheme, monitoring procedures and security features that will be put in place,
 - h) Agreements for the working of the service and any relevant product, including Service Level Agreements and non-exclusive agreements with agents; and
 - i) Statement of the source of funds certified by Financial Intelligence Unit (FIU)
 - j) Any other information as may be required by the BSL.

4. Conditions for license

- (1) In considering the application for a license to conduct Money Remittance Business, the BSL shall ensure that:
 - a) 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 shall be inspected to meet the following minimum requirements:
 - i) Adequate security of the premises and facilities;
 - ii) IT infrastructure and communication equipment including internet service required for services provided.
 - iii) The name of the entity and business days and hours are conspicuously displayed.
 - iv) Any other requirement prescribed by the BSL from time to time.
 - c) The applicant(s) detail all relevant measures 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. At a minimum, it shall provide the:
 - i) proposed system, including the process flow of transactions
 - ii) IT infrastructure setup proposed/planned for the system,
 - iii) risks identified and the risk mitigants planned.

5. Decision to grant, refuse or reconsider a license

- (1) Where BSL is satisfied that the requirements in 4 above have been met, BSL will grant a license.
- (2) The BSL may refuse to issue a license to an applicant on the following grounds:
 - a) Non-submission of required documents;
 - b) Submission of incomplete or misleading information;
 - c) If it is evident from the documentation and from other available information that the applicant fails to meet the personnel, organizational and technical requirements for the provision of services;
 - d) If it is evident from the application and the accompanying documentation that the applicant fails to meet other requirements for the provision of the services covered by the license; and
 - e) Any of the applicants are participating in illegal activities.
 - f) If the character and fitness of the directors and executive officers or proposed directors and proposed executive officers of the applicant are not "fit and proper".
- (3) In the case of refusal of an application, the BSL shall, within ninety (90) days of receipt of the full application, provide a written statement of the reasons for refusal.
- (4)
 - (a) In the case of refusal of an application, the applicant, may apply to the BSL in writing within 30 days seeking a review of the decision.
 - (b) Any application for review shall address the reasons given by the BSL in its initial decision.
 - (c) The BSL may uphold or reconsider its initial decision.
- (5) The applicant may resubmit the application at any time, provided that the reason for refusal has been addressed.
- (6) The BSL shall, within ninety (90) days upon receipt of the file, issue its decision in writing as specified in these Guidelines.

6. Validity of a license

- (1) Where a license is granted, it shall be subject to such conditions as may be imposed by the BSL and shall be valid until revoked by it or surrendered by the Money Remittance Entity.

- (2) A license issued may not be transferred, assigned or encumbered in any way, except in the event of a merger or similar corporate restructuring transactions, on such terms and conditions as the BSL shall approve.
- (3) A license shall be revoked if the entity fails to commence the business within a period of six (6) months following the granting of the license.
- (4) The approval of the BSL shall be obtained for any subsequent changes to the contents of the documents submitted at the time of seeking the license.
7. Grounds for suspension and revocation of license under these Guidelines shall be governed by section 9 of the Banking Act 2019'

8. Annual operating fees

- (1) A Money Remittance Entity shall pay an annual operating fee as may be determined by the BSL from time to time.

9. Use of name

- (1) An entity licensed to carry out Money Remittance Business shall use the name specified in the license issued by the BSL.
- (2) The license Entity shall not use a name if such name is already used or if it closely resembles the name of the holder of an existing licensed financial institution as would likely mislead the public.
- (3) No Money Remittance Entity shall alter or change its name without the prior approval of the BSL.

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

11. International partnership requirements

- (1) A Money Remittance Entity who wishes to engage with an international money transfer organization that will provide global or regional payment or money transfer platform, shall obtain a no objection from the BSL.
- (2) Every partner shall:
 - (a) Be a registered company or business, licensed in its home country to carry on money transfer activities.
 - (b) Have the latest audited financial statements.
- (3) There shall be a partnership agreement with appropriate provisions including, but not limited to, responsibility for liabilities in the event of disputes and/or process failures clearly delineated.
- (4) BSL shall conduct appropriate due diligence on the promoters, directors and key officers of the proposed international money transfer organization.

12. Opening and closing of branches

- (1) A Money Remittance Entity intending to open a place of business shall at least within sixty (60) days before opening such place, notify the BSL of its intention and seek its approval before notifying its clients of its decision.
- (2) An approval to open a branch pursuant to 1 shall be on such terms as BSL may determine.
- (3) A Money Remittance Entity intending to close a place of business shall at least within sixty (60) days before closing such place, notify the BSL of its intention and seek its approval before notifying its clients of its decision.
- (4) Any Money Remittance Entity that fails to fulfill requirements of the BSL concerning the expansion and closure of branches and/or window shall be in breach of the guidelines and shall be subjected to appropriate supervisory sanction(s), including but not limited to closing of such branches.
- (5) The premises of a Money Remittance Entity may be used for Money Remittance Business only.
- (6) All Money Remittance Entity branch(es) to be established shall meet the same requirements as the main Entity itself.
- (7) 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.

13. Operational requirements

- (1) Disbursement of funds remitted shall be made immediately upon receipt as instructed by the payer or on demand;
- (2) Determination of remittance amount by BSL any amount received or transferred as may be determined by the Bank of Sierra Leone, received or transferred by a Money Remittance Entity for each transaction shall be terminated into the recipient's bank account or mobile money wallet only.
- (3) Any amount as may be determined by the Bank of Sierra Leone based on the recipient's optional choice can be paid to the recipient over the counter or transfer into the recipient bank account or mobile wallet.

14. Agent engagements

In line with the provisions of the guidelines on agent banking.

15. Disclosure requirements

- (1) A Money Remittance Entity shall disclose to its customers:
 - (a) details of applicable exchange rate, commission, fees and any other amount that may be charged by banks/agents involved in a transfer
 - (b) the meaning of any technical terms and acronyms used
- (2) Both inward Remittances and outward remittances shall be in conformity with the partnership agreement set out in section 11(3) above.

16. Record keeping

- (1) A Money Remittance Entity shall properly record all financial transactions in accordance with generally accepted accounting principles.
- (2) 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;
- (3) Each Money Remittance Entity shall maintain a register of funds not claimed;
- (4) All registers and all other relevant records of Money Remittance Entities shall be kept up-to-date and made available by the Money Remittance Entity for inspection by BSL examiners and other persons licensed by the BSL upon request.
- (5) All money remittance entity shall prepare books of account in the form as determined by the BSL.

17. AML/CFT Requirements

- (1) All Money Remittance Entities shall comply with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act 2012 or any other enactment.

18. Compliance with Foreign Exchange Legislation

- (1) Money Remittance Entities executing international remittances shall comply with all Foreign Exchange laws and guidelines of Sierra Leone. Customer Complaint Mechanism Money Remittance Entities shall maintain a complaint mechanism, wherein all entities shall have a complaint management policy which comprises of procedures and processes on how to collect, resolve challenges of beneficiaries, monitor, evaluate and reports complaints that would arise from money remittances activities.

19. Submission of returns to the BSL

- (1) Each Money Remittance Entity shall submit to the Other Financial Institutions Supervision Department copying other necessary Departments of the BSL, the following returns:

(a) Weekly Reports

Submit to the BSL a weekly report on all payments made under this guidelines in the format set out in the table below by the 2nd day of each week immediately after the reporting period. The reporting period shall be the preceding week.

Name of Reporting Entity: _____

Reporting Period: From ____ To ____

Name of Recipient

Date of Payment

Total Amt.

(b) Monthly Reports

Funds received for remittance but not yet remitted, as well as funds received from abroad but not yet disbursed.

Date of payments

Disbursement and Receipts

Monthly financial statements including balances with foreign banks and foreign currency cash holding at the close of business on the last day of each month.]

Total amount

(c) Quarterly Reports

Statement of total funds transferred and received from abroad; and

(d) Yearly Report

Submit audited financial statements three months after the end of the financial year.

- (e) Any other return/report fraud that the BSL may require from time to time;

- (2) 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 as determined by the BSL from time to time for each day of the violation.
- (3) Persistent failure/refusal to render returns in the prescribed format and on time shall be a ground for the suspension and/or revocation of the license.
- (4) (a) If any officer of 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 BSL may impose on such officer a fine.
- (b))If any default in this respect is caused by the willful act of any officer of the entity, the BSL may impose on him a fine or cause the removal of such officer in order to protect the integrity of the institution.

- (c) In addition, the BSL may impose on the entity such other penalties as it may deem appropriate.
- (5) (a) If any return/information is not supplied accurately or is misleading/false, the entity shall pay a fine in respect of each day during which such violation occur.
- (b) The BSL may revoke the license of such entity for refusal to correct the default or failure to pay the fine or failure to submit the report.
- (6) Relevant fines shall be those established by the BSL from time to time.

20. Examination of Money Remittance Entities

- (1) In conformity with supervisory and oversight powers the BSL shall have the power to carry out on-site examination of Money Remittance Entities as well as order an investigation into the affairs of any entity whose conduct justifies this course of action;
- (2) Any person duly licensed by BSL to conduct an investigation or examination may enter the premises where an entity 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 guidelines or any other guidelines issued is being committed or has been committed; and
- (3) If any Money Remittance Entity fails to permit a licensed person from the BSL to inspect or perform the functions assigned, or refuses to produce any book under his control which the licensed person requires for the performance of the assignment specified, the BSL shall impose penalty on the entity including the withdrawal of the license.
- (4) A Money Remittance Entity that wants to voluntarily exit from operations shall seek prior written approval from the BSL before taking any action of closure. In considering its request, the BSL shall ensure that reasonable notice be given to customers.

21. Voluntary Liquidation

- (1) A Money Remittance Entity shall not voluntarily cease from carrying on business without the approval of the BSL and following the procedure for voluntary liquidation set out in relevant legislation.

22. Publication of licensed Money Remittance Providers

- (1) The BSL shall publish a list of licensed Money Remittance Entities.

23. Penalties

- (1) The BSL shall impose penalties and/or administrative sanctions on any entity that fails to comply with any provision of these Guidelines:

24. Indemnity

Under these Guidelines, neither BSL nor its staff shall be subject to any action, claim or demand by or liability to any person of anything done or omitted to be in good faith in pursuance or in execution or intended execution of any power conferred or imposed upon the BSL or the person by these Guidelines.

25. Amendments

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

26. Effective Date

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