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TRADE AND EXCHANGE DEPARTMENT

TED/FEM/FPC/GEN/001/002

January 31, 2024

TO: ALL AUTHORISED DEALERS, IMTOs AND GENERAL PUBLIC

REVIEWED GUIDELINES OF INTERNATIONAL MONEY TRANSFER SERVICES IN NIGERIA

The Central Bank of Nigeria in September 26, 2014 issued the guidelines for International money transfer services in Nigeria which provided a framework for the licensing and operations of International Money Transfer Operators (IMTOs) in Nigeria.

Following recent reforms to:

- I. Liberalize the foreign exchange market and ensure transparency in foreign exchange market transactions.
- II. Boost diaspora remittances and other foreign capital inflows to Nigeria.
- III. Promote efficient price discovery mechanisms and the evolution of an appropriate market determined exchange rate.
- IV. Enhance the ease-of-doing business for International Money Transfer Operators (IMTOs) in Nigeria and money transfer recipients.

The CBN hereby releases the revised guidelines for International Money Transfer Services in Nigeria.

The reviewed guidelines are attached to this circular.

Authorized Dealers, International Money Transfer Operators and the General Public are hereby informed to note and comply accordingly.

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CENTRAL BANK OF NIGERIA

Guidelines on International Money Transfer Services in Nigeria

GUIDELINES ON INTERNATIONAL MONEY TRANSFER SERVICES IN NIGERIA

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GUIDELINES ON INTERNATIONAL MONEY TRANSFER SERVICES IN NIGERIA

1.0 INTRODUCTION

These guidelines are issued in exercise of the powers conferred on the Bank by Section 2 (d) of the Central Bank of Nigeria Act, 2007 and Section 30 (1) of the Banks and Other Financial Institutions Act (BOFIA) 2020, to issue regulations, guidelines and policies to ensure responsible conduct and engender public trust and confidence in the use of financial services in Nigeria.

The purpose of these guidelines is to guide International Money Transfer Operators (IMTOs) in conducting money remittances in compliance with the regulatory framework established by the CBN.

These guidelines encapsulate the requirements for obtaining approval from the CBN by promoters of IMTOs who intend to engage in the transmission of remittances to and from Nigeria while upholding the regulatory supervision of the CBN.

These Guidelines also address critical aspects such as the organizational structure of an IMTO, principles of ownership and control, corporate governance standards, permissible and non-permissible activities.

1.1 DEFINITION AND STRUCTURE

With respect to these guidelines, IMTOs are companies approved by the CBN to facilitate the transfer of funds from individuals or entities residing abroad to recipients in Nigeria, and the payment of a corresponding sum to a beneficiary through a clearing network to which the IMTO belongs.

1.2 SCOPE OF OPERATIONS

These guidelines address business rules governing the operations of international money transfer services in Nigeria only. In addition, it sets the basis for the regulation of the services offered at different levels and by diverse participants.

1.3 OBJECTIVES

- The objectives of the guidelines are to:
- i. Stipulate the minimum entry standards and requirements for IMTOs in Nigeria;
 - ii. Provide the legal and regulatory framework, corporate governance and risk management framework, and minimum qualification of directors of IMTOs;
 - iii. Specify the permissible and non-permissible activities for IMTOs and penalties for non-compliance;
 - iv. Specify the delivery channels for IMTOs ;
 - v. Specify minimum IT infrastructure and business requirements for IMTOs in Nigeria; and
 - vi. Promote a competitive and resilient remittance space without compromising compliance.

2.0 REQUIREMENTS FOR INTERNATIONAL MONEY TRANSFER SERVICES IN NIGERIA

Application for approval to carry on the business of international money transfer services shall be submitted to the Director, Trade and Exchange Department, Central Bank of Nigeria, Abuja.

The approval shall be in two phases: Approval-in-Principle and Final Approval.

No person or institution shall operate International Money Transfer Services unless such a person/institution has been duly approved by the CBN.

Any financial product involving international money transfer by any institution or person that is not duly registered with the CBN is illegal.

In addition to requirements in these Guidelines, applicants must comply with requirements of the *CBN Guidelines for licensing of banks and other financial institutions in Nigeria on Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction (AML/CFT/CPF)* referenced FPR/DIR/GEN/CIR/001/061.

2.1 DOCUMENTATION REQUIREMENTS FOR INTERNATIONAL MONEY TRANSFER OPERATORS — (APPROVAL-IN-PRINCIPLE)

Any IMTO intending to operate in Nigeria shall submit its application to the Director, Trade and Exchange Department with the following documents:

- i. A non-refundable application fee of N10,000,000.00 (Ten Million Naira only) or such other amount that the Bank may specify from time to time; payable to the CBN through electronic transfer or bank draft.
- ii. Approval to operate in other jurisdictions or agency agreement (for all IMTOs).
- iii. Evidence of tax clearance and incorporation documents in Nigeria (for indigenous IMTOs) to include Memorandum and Articles of Association (Certified True Copy), of which the primary object clause shall indicate provision of money transfer services.
- iv. Ownership structure of the IMTO.
- v. Board of Director's approval to operate International money transfer service.
- vi. Forms C02 (Return on Allotment of Shares) and C07 (Particulars of Directors).
- vii. Profile of the company to include: Curriculum Vitae (CVs)/biodata, contact and e-mail address, and telephone numbers of the Board and the Management of the company.
- viii. Information on beneficial owners (BO) of the company (where applicable)
- ix. Credit reports from a licensed credit bureau for the shareholders and key officers of the money transfer services operator.
- x. Minimum share capital of US\$1million for foreign IMTOs and the equivalent for indigenous IMTOs
- xi. Any other information, documents and reports as the Bank may from time to time specify;

Compliance with the above requirements and favorable outcome would avail the applicant an Approval-In-Principle (AIP) to proceed to open bank account and process pre-operational processes.

NOTE: An AIP cannot be used by an IMTO to commence operations, also the AIP may be withdrawn if the IMTO does not meet the requirements stated above.

2.2 DOCUMENTATION REQUIREMENTS FOR FINAL APPROVAL

All IMTOs shall submit an application to the CBN for final approval not later than three months after obtaining AIP subject to the fulfilment of the following requirements:

- I. Names of Authorized Dealer Bank(s) to serve as local agent(s) and copy of agency agreement.
- II. Submission of a detailed business plan to the CBN which includes the following:
 - a. Nature of the business
 - b. Internal control systems and monitoring procedures
 - c. Security features for IMTOs with offices in Nigeria
 - d. Three (3) years financial projections/market analysis for the company
 - e. Transaction and other charges that will be borne by customers.
 - f. Diagrammatic illustration of transaction flows
 - g. Consumer protection and dispute resolution mechanisms
 - h. Information Technology policy of the company including:
 - i. Privacy policy
 - ii. Information ownership/disclosure/loss Policy
 - iii. Backup and restore policy
 - iv. Network security policy
 - v. Encryption policy

- vi. Confidential data policy
 - vii. Password policy
 - viii. Third party connection policy
 - ix. Incidence response policy
 - x. Physical security policy
- i. Enterprise risk management framework
 - j. Contingency and disaster recovery plan\business continuity plan
 - k. Draft agreements with the participating parties
 - l. Project deployment plan (time, location, operation, etc.)
 - m. Any other information as may be required by the CBN from time to time.

2.3 ANNUAL RENEWAL REQUIREMENTS

An IMTO approval is subject to annual renewal at a fee of N10,000,000.00 (Ten million Naira only) or any amount that the Bank may specify from time to time; payable to the CBN through electronic transfer or bank draft on or before 31st January of the year.

Renewal of IMTO approval shall be done within the first quarter of every year.

Where an IMTO fails to avail its agent bank a copy of CBN renewal of its IMTO approval for that year within the first quarter of the year, the bank should cease any further transaction with the IMTO.

2.4 ANTI-MONEY LAUNDERING/CFT/CPF REQUIREMENTS

All IMTOs shall:

- a. Adopt policies stating their commitments to comply with Anti-Money Laundering (AML) Combating Financing of Terrorism (CFT) and Countering Proliferation Financing (CPF) of weapons of mass destruction obligations under subsisting laws, regulations, and regulatory directives and to actively prevent any transactions that otherwise facilitates criminal activities, Money Laundering, Terrorism Financing and Proliferation Financing (ML/TF/PF).

- b. Formulate and implement internal controls and other procedures to deter criminals from using its facilities for ML/TF/PF.
- c. Adopt a risk-based approach in the identification, assessment, and management of their ML/TF/PF risks in line with the requirements of “Central Bank of Nigeria (Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction in Financial Institutions) Regulations 2022 ”.
- d. Comply promptly with requests made pursuant to AML/CFT/CPF legislations and provide information to the CBN, Nigeria Financial Intelligence Unit (NFIU) and other competent authorities.
- e. Not in any way inhibit the implementation of the provisions of AML/CFT/CPF regulations and shall cooperate with regulators and law enforcement agencies in the implementation of a robust AML/CFT/CPF regime in Nigeria.
- f. Render statutory reports to the CBN, NFIU and other competent authorities as required by law, and shall guard against any act that will cause a customer or client to avoid compliance with AML/CFT/CPF legislations.
- g. Identify, review, and record other areas of potential ML/TF/PF risks not covered by regulations and report same to the CBN.
- h. Reflect AML/CFT/CPF policies and procedures in their strategic policies.
- i. Monitor compliance of their agents with AML/CFT requirements
- j. Periodically assess the AML/CFT measures of agents and document outcome of such assessments.
- k. Ensure that their employees, agents, and others doing business with them clearly understand the AML/CFT/CPF programme.

2.5 OVERSEAS PARTNERSHIP REQUIREMENTS

An Indigenous IMTO who wishes to engage a foreign technical partner shall obtain the prior approval of the CBN. The following conditions shall apply to the technical partner:

- i. The technical partner must be a registered entity in its home country with approval to carry on international money transfer services;

- ii. The overseas technical partner should be well established in money transfer services business, with a verifiable track record of operations.
- iii. There should be a Memorandum of Understanding that clearly delineates the liabilities in the event of disputes and/or process failures.
- iv. The CBN shall conduct appropriate due diligence on the promoters, directors and key officers of the proposed IMTO.

2.6 PROHIBITION OF PERSONS/INSTITUTIONS

- i. All banks are prohibited from operating International Money Transfer services but can act as agents. Also, Financial Technology Companies are not allowed to obtain approval for IMTO.
- ii. The provisions of BOFIA 2020 on the prohibition of employment of certain persons in banks shall also apply to IMTOs.

2.7 DISQUALIFICATION OF SHAREHOLDERS AND OFFICERS

- i. In line with BOFIA 2020, all the conditions stipulating the exclusion of certain individuals from the management of banks shall apply to the management of International Money Transfer Services.
- ii. Shareholders and officers of the company shall not undertake International Money Transfer Operations.

3.0 OPERATIONS OF INTERNATIONAL MONEY TRANSFER SERVICES

3.1 PERMISSIBLE ACTIVITIES

The permissible activities of International Money Transfer Operators shall include inbound international money transfer transactions only. The transactions shall be limited to the following activities:

- i. The acceptance of monies for the purpose of transmitting them to persons resident in Nigeria.

- ii. Cross-border personal money transfer services, such as money transfer services towards family maintenance; money transfer services in favour of foreign tourists visiting Nigeria, etc.
- iii. The money transfer services shall target individual customers and the transactions shall be on “person to person”, “business to person” and “business to business” transfer basis which may be reviewed by the CBN from time to time.

3.2 NON-PERMISSIBLE ACTIVITIES

The following activities are not permissible by IMTOs:

- i. An IMTO shall not engage in any other business other than those stipulated in (3.0)
- ii. An IMTO shall not engage in any outbound transaction
- iii. Buy foreign exchange from the domestic foreign exchange market for settlement.

3.3 BUSINESS PREMISES

An IMTO shall provide addresses of its head office and other locations. Any change of address shall be reported to the Central Bank of Nigeria and display prominently at each of its business premises the following:

- i. The license to engage in International Money Transfer Services.
- ii. Details of the tariffs to be charged.
- iii. A notice informing the customers that they are entitled to be issued with a receipt for any money transfer service transactions; and
- iv. A notice to the effect that the money transfer operator is not allowed to accept deposits or lend to the public.

3.4 NOTIFICATION OF BUSINESS HOURS

An IMTO shall notify the Bank and its customers of:

- i. its business days and business hours
- ii. any intended changes in business hours, fifteen days in advance before the changes come into effect.

3.5 CLOSURE OF BUSINESS

- i. An IMTO wishing to temporarily or permanently close any of its business location shall notify the CBN within two weeks of the planned closure. In the event of an emergency, the operator shall relocate to its established back up site and notify the CBN within 48 hours.
- ii. In either of the events above, the operator/agent shall display a conspicuous notice to that effect.

3.6 AGENTS

An approved IMTO may conduct its business through an agent (ADB), in line with the provisions of these guidelines.

3.6.1 ENGAGEMENT OF AN AGENT

The IMTO shall:

- i. execute a contract with each agent that specifies the terms and conditions of their engagements. These terms shall include but are not limited to the following:
 - a) A statement that the IMTO is wholly responsible and liable for all actions or omissions of the agent;
 - b) Specific services to be rendered by the agent;
 - c) The rights, expectations, responsibilities and liabilities of both parties;
 - d) Appropriate policies and procedures to detect, prevent, and report or otherwise deal with incidences of money laundering;
 - e) Responsibilities of the agent to deliver supporting transaction documents;
 - f) A statement that all information or data that the agent collects in relation to agency money transfer services, whether from the customers, the IMTO or from other sources, are done on behalf of the IMTO's.

- g) Adequate oversight framework for the IMTO to address instances of non-compliance by the agent with the stipulated obligations;
 - h) Prohibition from charging the beneficiary any fees other than the fees agreed upon with the sender, at the initiation of the transaction;
 - i) Business hours of the agent;
 - j) Confidentiality of customer and user information;
 - k) A transition clause on the rights and obligations of the IMTO and the agent upon termination or cessation of the agency contract; and
 - l) Detailed procedure for disengagement or termination of the agency contract.
- ii) Maintain a valid contract for the tenor of the agency.
 - iii) Notify the Bank of the appointment of each agent.
 - iv) Conduct the business in compliance with all the applicable laws, regulations and guidelines.

3.7 BANK ACCOUNTS

An IMTO shall:

- a. Hold customer's funds meant for remittance in a designated account domiciled with the agent (ADB). This account shall be separate from all other accounts maintained by the operator.
- b. Maintain complete and accurate accounting records.
- c. Produce, upon request by the Bank, all documents pertaining to the account activity, including, but not limited to, bank statements, cheque books, deposit slips and reconciliations or other comparable account records.

3.8 RECORDS

An IMTO shall:

- a) Maintain a management information system that facilitates efficient collection and processing of data required for audit trails.

b) Maintain accurate information on each transaction. The Transaction Information shall include, but not limited to the following:

- (i) Date of transaction.
- (ii) Name, address and contact phone number of sender.
- (iii) Name, address, and contact phone number of beneficiary:
- (iv) Acceptable means of identification; and
- (v) Amount and currency;

The operator shall keep the transaction information for a minimum period of five (5) years after a transaction or as may be determined by the CBN from time to time:

c) Issue receipt, which shall contain the following information:

- (i) Full names of the customer.
- (ii) The type and amount of currency sent or received.
- (iii) The transaction reference.
- (iv) The nature, time and date of the transaction.
- (v) Customer signature
- (vi) Commission charged, if any.

d) An IMTO shall keep accurate and up to date records and ensure that the records are updated on daily basis.

3.9 RETURNS

The IMTO shall submit:

- a) Daily, Weekly and monthly returns using the prescribed template to the Director, Trade and Exchange Department, Central Bank of Nigeria, Abuja.
- b) Suspicious Transactions Report (STR) filed in the originating country, not later than 24 hours after the transaction.

The IMTO agent (ADB) shall submit:

- a) Weekly and monthly returns using the prescribed template to the Director, Trade and Exchange Department, Central Bank of Nigeria, Abuja.
- b) Weekly returns of Trade sheets of their sales at the Nigeria Foreign Exchange Market.
- c) Suspicious Transactions Report (STR) to the NFIU, not later than 24 hours after the transaction.

4.0 DISCLOSURE REQUIREMENTS

4.1 GENERAL

A money transfer services operator shall disclose to its customers:

- a. Details of applicable exchange rate, commission, fees and any other amount charged by them or their agents for remittances
- b. The meaning of technical terms and acronyms used.
- c. That it neither accepts deposits nor lends to the public.

4.2 TRANSFERS

4.2.1 MODE OF DISBURSEMENT FOR INBOUND TRANSFERS

- a. All in-bound money transfers to Nigeria shall be paid to beneficiaries in **Naira** through a bank account, or cash. **Proceeds of IMTO more than the equivalent of \$200 shall be paid through an account.** Cash payments shall be made upon the provision of a **satisfactory/an acceptable means of identification.**
- b. Where the beneficiary does not have an account with the IMTO agent bank, the agent bank shall credit the beneficiary account in another bank.
- c. **The exchange rate shall be at the prevailing rate in the Nigerian Foreign Exchange Market.**
- d. Mode of settlement shall be as agreed by the parties.

The following condition shall apply in the transaction:

- i. Where a currency conversion service is offered before initiation of a payment transaction or at the point of payment, the IMTO must disclose all charges, and the exchange rate to be used for converting the payment transaction.

4.2.2 SPLIT TRANSACTIONS

An IMTO shall not allow or process a transaction that appears to have been deliberately split into small amounts to avoid the reporting requirements under the provisions of CBN AML/CFT/CPF Regulations.

4.3 INWARD INTERNATIONAL MONEY TRANSFER SERVICES

An IMTO shall:

- a. Make payment to customers only in Nigerian currency, in line with the CBN regulations
- b. Use the prevailing exchange rate on the day the transfer is received; and
- c. Declare in the receipt/certificate of transfer that the money paid to the customer is not counterfeited.

4.4 CHARGES

- a. All IMTOs shall comply with the guide to money transfer charges as may be provided by the CBN from time to time.
- b. The IMTO/agent shall make refund where wrong, inappropriate, or disproportionate charges or fees have been identified.

5.0 DISPUTE RESOLUTION

- a. All complaints to the operator must be acknowledged.
- b. Each operator shall provide a complaints management unit to resolve complaints or disputes submitted by its customers. The unit shall provide its services free of charge through well-publicized and dedicated channels, including phone numbers and e-mail address(es).
- c. An operator must fully investigate complaints, make appropriate decisions and communicate same to the complainant within two weeks of the receipt of the complaints.

- d. Each complaint shall be assigned a unique identifier for ease of reference. Operators shall provide dedicated phone, email or other means by which complainants may enquire about the progress of their complaints. In addition, operators shall provide a response to all enquiries within 48 hours of receipt.
- e. Where a complainant is dissatisfied with the decision, the operator shall provide an internal mechanism to review its initial decision.
- f. The review body must arrive at a decision within one (1) week of receiving a letter of dissatisfaction from a complainant.
- g. Where a complainant is not satisfied with a decision of a review body, the complainant may escalate the issue to the Director, Consumer Protection Department, Central Bank of Nigeria.
- h. An IMTO shall render monthly returns on all complaints to the Director, Trade and Exchange Department, Central Bank of Nigeria, Abuja, in a format approved by the Bank.

6.0 MISCELLANEOUS

At a minimum, an IMTO must have a second level authentication before payment could be made to recipients in the case of inward money transfer services;

- i. An IMTO owes a customer a duty of confidentiality except where disclosure is at the instance of a relevant authority;
- ii. An IMTO shall not require from the customer, any means of Identification different from those provided in extant CBN circulars and guidelines;
- iii. For the avoidance of doubt, any of the under-listed is an acceptable means of identification:
 - a. International passport.
 - b. Driver's license.
 - c. National Identity Card.
 - d. INEC Permanent Voters Card (PVC).

7.0 REMEDIAL MEASURES

If an IMTO or its agent fails to comply with these guidelines, the CBN may take any corrective action against the IMTO as may be prescribed from time to time.

8.0 SANCTIONS

In addition to the use of remedial measures in Section 7, the Bank may take any or all of the following sanctions against an IMTO, its board of directors, officers or agents:

- (i) Withhold corporate approvals;
- (ii) Financial penalties; Suspension from money transfer operation; and
- (iii) Revocation of the IMTO approval to operate in Nigeria.

8.1 From the effective date of these guidelines, any individual, persons or institution carrying out the business of International Money Transfer services in any form without approval of the CBN shall be deemed to be operating illegally and in violation of extant laws. Such an individual, persons or institution shall be appropriately sanctioned and/or prosecuted in accordance with the provision of BOFIA 2020.

9.0 DEFINITION OF TERMS

Agent: An agent is a suitable entity engaged by an IMTO to provide money transfer services on its behalf, using the agent's premises, staff and/or technology.

Bank: Central Bank of Nigeria

BOFIA: Banks and Other Financial Institutions Act

CAC: Corporate Affairs Commission

CBN: Central Bank of Nigeria

Credit Bureau: Credit Reference Company - means an institution that collects information from creditors and available public sources on borrower's credit history. The bureau compiles the credit information on individuals/entities regarding their credits, credit repayments, court judgments, bankruptcies etc and then creates a comprehensive credit record that may be sold to lending institutions and other authorized users.

MTSO: Money Transfer Services Operator

Transaction: A transfer sent or transfer received as the case may be.

Transfer Amount: The funds collected from the sender for a transfer, excluding applicable fees.

Transfer Partner: A foreign expert that provides professional guides to indigenous Money Transfer Services Operators.

IMTO: An International Money Transfer Operator approved in Nigeria

TRADE AND EXCHANGE DEPARTMENT

JANUARY, 2024