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**TO: ALL AUTHORIZED DEALERS,
MONEY TRANSFER SERVICES OPERATORS
AND THE GENERAL PUBLIC**

**GUIDELINES FOR THE OPERATION OF INTERNATIONAL
MONEY TRANSFER SERVICES (IMTS) IN NIGERIA**

In line with the new policy direction of the Bank, Management has approved the review of the existing guidelines on International Money Transfer Services to accommodate both inbound and outbound Services.

Authorized Dealers and members of the General Public are hereby advised to operate within the ambit of the new guidelines.

The new guideline is as per the attached.

Best regards.


O. I. GBADAMOSI
DIRECTOR
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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 PREAMBLE

In exercise of the powers conferred on the Bank by Section 2 (d) of the Central Bank of Nigeria Act, 2007 and Section 57 (2) of the Banks and Other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004, (BOFIA) to issue guidelines for the maintenance of adequate and reasonable financial services to the public, the Central Bank of Nigeria (CBN or the Bank) hereby issues the following guidelines for the regulation of International Money Transfer Services in Nigeria.

These guidelines supersede previous circulars issued on the subject.

1.1 OBJECTIVES

The objectives of the guidelines are to:

- (i) provide minimum standards and requirements for International money transfer services operations in Nigeria;
- (ii) specify delivery channels for offering International Money Transfer Services (inbound/outbound), in a cost effective manner;
- (iii) provide an enabling environment for international money transfer services in the Nigerian economy;
- (iv) specify minimum technical and business requirements for various participants in the international money transfer services in Nigeria; and
- (v) provide broad guidelines for the implementation of the processes and flows of international money transfer services, from initiation to completion.

1.2 SCOPE OF OPERATION

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.

2.0 LICENSING REQUIREMENTS FOR INTERNATIONAL MONEY TRANSFER SERVICES OPERATORS

- 2.1** No person or institution shall operate International Money Transfer Services unless such person/institution has been duly licensed by the CBN.
- 2.2.** A financial product involving International Money Transfer by any institution or person that is not duly registered with the CBN is illegal.
- 2.3.** Application for a license 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.

2.4. LICENSING REQUIREMENTS FOR INTERNATIONAL MONEY TRANSFER OPERATORS – EXISTING AND NEW APPLICANTS

Any International Money Transfer Operators wishing to operate in Nigeria shall accompany the application with the following:

- i) a non-refundable application fee of N500,000.00 (Five Hundred Thousand Naira only), or such other amount that the Bank may specify from time to time;
- ii) Names of Licensed Agents (Authorised Forex Dealers) to serve as local agents.
- iii) Such other information, documents and reports as then Bank may, from time to time, specify;
- iv) Evidence of being licensed in their home country;
- v) A minimum share capital of US\$1.0million in their home country.

2.5. LICENSING REQUIREMENTS FOR INDIGENOUS INTERNATIONAL MONEY TRANSFER OPERATORS

All applications shall be accompanied with the following documents:

- i). Board of Director's approval to operate International money transfer service.
- ii). Copy of the applicant's certificate of incorporation
- iii). Memorandum and Articles of Association (certified true copy), of which the primary object clause shall indicate provision of money transfer services.
- iv). Shareholding structure of the company
- v). Forms C02 (Return on Allotment of Shares) and C07 (Particulars of Directors)
- vi). Profiles of the company to include: Curriculum Vitae (CVs), contact and e-mail address and telephone numbers of the Board and the Management of the company
- vii) ownership, governance and management structure;
- viii). Business plan to include:
 - a. Nature of the business
 - b. Features of the scheme
 - c. Internal control systems and monitoring procedures
 - d. Security features to be put in place
 - e. Three (3) years financial projections/market analysis for the company
 - f. Transaction and other charges that will be borne by customers
 - g. Profit sharing agreement among the parties
 - h. Diagrammatic illustration of transaction flows
 - i. Consumer protection and dispute resolution mechanism
- ix. Information Technology policy of the company including:
 - a. Privacy policy
 - b. Information ownership/disclosure/loss Policy

- c. Backup and restore policy
- d. Network security policy
- e. Encryption policy
- f. Confidential data policy
- g. Password policy
- h. Third party connection policy
- i. Incidence response policy
- j. Physical security policy
- x. Enterprise risk management framework
- xi. Contingency and disaster recovery plan \business continuity plan
- xii. Draft agreements with the participating parties
- xiii. Tax clearance certificate for three years
- xiv. Project deployment plan (time, location, operation, etc.)
- xv. Credit reports from a licensed credit bureau for the shareholders and key officers of the money transfer services operator;
- xvi. Any other information as may be required by the CBN from time to time.
- xvii. Evidence of meeting the minimum paid-up share capital of N2,000,000,000.00 (Two Billion Naira) for Nigerian companies.

2.6 OVERSEAS PARTNERSHIP REQUIREMENTS

An Indigenous money transfer services operator (MTSO) who provides regional and/or global money transfer service and 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). Be a registered entity, licensed in its home country to carry on international money transfer services;
- ii). Have a minimum net worth of US\$10.0million, as contained in its current audited financial statement, or as may be determined by the

CBN from time to time;

- iii). The overseas technical partner should be well established in money transfer services business, with a verifiable track record of operations;
- iv). there should be Memorandum of Understanding that clearly delineates the liabilities in the event of disputes and/or process failures.

The CBN shall conduct appropriate due diligence on the promoters, directors and key officers of the proposed international MTSO.

2.7. PROHIBITION OF PERSONS/INSTITUTIONS

- i). Deposit money banks (DMBs) are prohibited from operating as International Money Transfer Service Operators, but can act as agents except with the express approval of the CBN.
- ii). The provisions of the BOFIA on the prohibition of employment of certain persons in banks, shall also apply to International Money Transfer Services Operators.

2.B. DISQUALIFICATION OF SHAREHOLDERS AND OFFICERS

- i) In line with the BOFIA, all the conditions stipulating the exclusion of certain individuals from the management of banks, shall apply to the management of International Money Transfer Services Providers.
- ii) Shareholders and officers of the company shall be disqualified, from undertaking International Money Transfer Operations based on the provisions of Section 48 (2) of the BOFIA.

3.0 OPERATIONS OF INTERNATIONAL MONEY TRANSFER SERVICES

3.1 PERMISSIBLE ACTIVITIES

The permissible activities of International Money Transfer Operators shall include allowable inbound and outbound international money transfer transactions. 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 or another country.
- 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; shall be allowed under the arrangement.
 - (iii) To safeguard against corporate customers that may structure their transactions into smaller amounts to circumvent the statutory reporting threshold, the money transfer services shall target individual customers mainly and the transactions shall be on "person to person transfer" (retail customer) basis only.

3.2 NON PERMISSIBLE ACTIVITIES

An International MTSO shall not engage in any other business other than those authorized by the Bank.

Specifically, an international MTSO is not authorized to

- (i) Act as an authorized dealer in gold, or other precious metals;
- (ii) Engage in deposit taking and/or money lending;
- iii) Maintain current accounts on behalf of customers;
- iv). Establish letters of credit;
- v). Act as a custodian of funds on behalf of customers;
- vi) Engage in institutional or corporate transfers;
- vi) Buy foreign exchange from the domestic foreign exchange market for settlement.

3.3. BUSINESS PREMISES

An International MTSO shall display prominently at each of its business premises:

- (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 International MTSO shall notify the Bank and its customers of:

- (i) the business hours for each of its outlets; and
- (ii) any intended changes in business hours, in any of **its business locations**, fifteen days in advance, before the **changes come into effect**.

3.5 TEMPORARY CLOSURE OF BUSINESS

- i) An International MTSO wishing to temporarily close any of its office location shall seek the consent of 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 events above, the operator/agent shall display a conspicuous notice to that effect.

3.6. TRANSFERS

3.6.1 LIMITS PER OUTBOUND TRANSFERS

Allowable limit of the outbound money transfer per transaction shall be US\$2,000 or its equivalent, subject to periodic review by the CBN.

3.6.2. MODE OF DISBURSEMENT FOR INBOUND TRANSFERS

- i). All in-bound money transfers to Nigeria shall be disbursed to beneficiaries who operate a bank account, mobile money wallets with the agent or through ATM. **Maximum Allowable cash withdrawal for inbound money transfer shall not be more than US\$500 and any amount in excess of \$500 shall be paid through an account.**
- ii). mode of settlement shall be as agreed by the parties
- iii. the rate **shall** be the prevailing inter-bank rate

- 3.6.3** Where the beneficiary does not have a bank account or mobile money wallet, payments shall only be made upon the provision of a **satisfactory/an acceptable means of identification as enumerated in Section 6.1 (iii) below.**

3.6.4 The following conditions shall apply in the transaction:

- i). The currency to be given to a money transfer agent for an outbound transfer shall be the Naira;
- ii). An outward payment transaction shall be executed in a convertible currency agreed by the parties; and
- iii). Where a currency conversion service is offered before initiation of a payment transaction or at the point of payment, the money transfer services operator must disclose all charges, and the exchange rate to be used for converting the payment transaction.

3.7 SPLIT TRANSACTIONS

An International MTSO 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 the Anti money Laundering/Combating the Financing of Terrorism, (AML/CFT) Act.

3.8 AGENTS

An approved International MTSO may conduct its business through an agent, in line with the provisions of these guidelines.

3.8.1 SUITABILITY FOR APPOINTMENT:

An agent shall:

- i). be a corporate body registered with the Corporate Affairs Commission.
- (ii). be an existing and well established commercial entity which has been operating for at least 12 months.
- (iii) not have been classified as a non-performing borrower by any financial institution in the preceding 12 months.
- (iv) possess appropriate physical and ICT infrastructure and human resources to provide money transfer services.

- (v) not be an entity listed on any Sanction List.
- (vi) be an Authorised Foreign Exchange Dealer/Buyer under the regulatory purview of the CBN or any other Institutions so authorized by the Bank.

3.8.2 ENGAGEMENT OF AN AGENT

The International MTSO 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 International MTSO is wholly responsible and liable for all actions or omissions of the agent;
 - b) Measures to mitigate risks associated with agent business including limits per transaction, cash management, cash security, security of agent; premises and insurance policies;
 - (c) Specific services to be rendered by the agent;
 - (d) The rights, expectations, responsibilities and liabilities of both parties;
 - (e) A statement that the Bank shall have free, unfettered and timely access to the internal systems, documents, reports, records, staff and premises of the agents, in so far as money transfer services business is concerned and shall exercise such powers as it may consider necessary;
 - (f) Appropriate policies and procedures to detect, prevent, and report or otherwise deal with incidences of money laundering;
 - (g) Responsibilities of the agent to deliver supporting transaction documents;
 - (h) A statement that all information or data that the agent collects in relation to agency money transfer services, whether from the customers, the International MTSO or from other sources, is the property of the International MTSO;
 - (i) Adequate oversight safeguards for the International MTSO to address instances of non-compliance by the agent with the stipulated

obligations;

- (j) Prohibition from charging the beneficiary any fees other than the fees agreed upon with the sender, at the initiation of the transaction;
 - (k) Business hours of the agent;
 - (l) Suitable limits on cash holding by the agent and limits on individual customer payments and receipts;
 - (m) Confidentiality of customer and user information;
 - (n) Remuneration for the agent;
 - (o) A transition clause on the rights and obligations of the International MTSO and the agent upon termination or cessation of the agency contract; and
 - (p) 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, providing details of name, phone number and any additional information as may be required by the Bank.
 - (iv). Conduct the business in compliance with all the applicable laws, regulations and guidelines.

3.9. BANK ACCOUNTS

An International MTSO shall:

- 3.9.1** Hold all customer funds for transfer in an account designated as "customers' account" domiciled with any DMB in Nigeria. This account shall be separate from all other accounts maintained by the operator.
- 3.9.2** Maintain complete and accurate accounting records.
- 3.9.3** 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.

3.10 RECORDS

An International MTSO shall:

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

3.10.2 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 **six (6) years or as may be determined by the CBN from time to time:**

3.10.3 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; and
- (vi). Commission charged, if any.

3.10.4 An International MTSO shall keep accurate and up to date records and ensure that the records are verified on a daily basis.

3.11 RETURNS

A MTSO agent shall submit its returns to the Director, Trade and Exchange Department, Central Bank of Nigeria, Abuja. The returns shall include; nature, volume and value of transactions, incidence of theft, robbery or fraud and nature and number of customers.

3.12 ANTI-MONEY LAUNDERING RISK

All International MTSO in Nigeria shall comply with the provisions of the CBN "Anti-Money Laundering and Combating the Financing of

Terrorism in Banks and Other Financial Institutions Regulations 2013" and all other applicable laws and regulations.

4.0 DISCLOSURE REQUIREMENTS

4.1 GENERAL

A money transfer services operator shall disclose to its customers:

- 4.1.1** Details of applicable exchange rate, commission, fees and any other amount that may be charged by banks/agents involved in a transfer;
- 4.1.2** The meaning of any technical terms and acronyms used;
- 4.1.3** That it neither accepts deposits nor lends to the public; and
- 4.1.4** Prevailing exchange rates at all times and in all locations it conducts business.

4.2. OUTWARD INTERNATIONAL MONEY TRANSFER SERVICES

An International MTSO shall:

- 4.2.1** Advise customers of the time funds sent would be available for collection by beneficiaries;
- 4.2.2** Inform the customers within 24 hours where outward transfers could not be effected within the time frame advised;
- 4.2.3** Refund to the sender, any amount returned undelivered in the manner it was paid by the customer:
 - i). Where the operator is responsible for the returned transfer, the refund to the sender shall include all the fees and charges paid by the sender; and
 - ii). Where the sender is responsible for the returned transfer, the operator shall recover from the sender, only costs associated with the transaction.

4.3. INWARD INTERNATIONAL MONEY TRANSFER SERVICES

An International MTSO shall:

- 4.3.1** Make payment to customers only in Nigerian currency, in line with the CBN regulations;
- 4.3.2** Use the prevailing inter-bank exchange rate on the day the transfer is

received; and

- 4.3.2** Declare in the receipt/certificate of transfer that the money paid to the customer is not counterfeited.

4.4.0 CHARGES

- 4.4.1** All money transfer services operators shall comply with the guide to money transfer charges as may be provided by the CBN from time to time.
- 4.4.2** The service provider/agent shall make refund where wrong, inappropriate or disproportionate charges or fees have been identified internally by the service provider.

5.0 DISPUTE RESOLUTION

- 5.1** All complaints to the operator must be acknowledged on receipt.
- 5.2** 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).
- 5.3** An operator must fully investigate complaints and make appropriate decision and communicate same to the complainant within two weeks of the receipt of the complaints.
- 5.4** 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.
- 5.5** Where a complainant is dissatisfied with the decision, the operator shall provide an internal mechanism to review its initial decision.
- 5.6** The review body must arrive at a decision within one (1) week of receiving a letter of dissatisfaction from a complainant;

5.7 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.

5.8 An International MTSO 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

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

I). A money transfer operator owes a customer a duty of confidentiality except where disclosure is at the instance of a relevant authority;

II. A money transfer operator 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); or
- e. Bank Verification Number (BVN)

7.0 REMEDIAL MEASURES

If an International MTSO or its agent fails to comply with these guidelines, the CBN may take any corrective action against the MTSO 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 MTSO, its board of directors, officers or agents:

- (i) Withhold corporate approvals;
- (ii) Financial penalties;
- (iii) Suspension from money transfer operation; and
- (iii) Revocation of the Money Transfer Services operation license.]

8.1 With the coming into effect of these guidelines, any individual, persons or institution carrying out the business of International Money Transfer services in any form without being licensed by the CBN shall be deemed to be operating illegally and in violation of the extant laws. Such an individual, persons or institution shall be appropriately sanctioned and/or prosecuted in accordance with the provision of BOFIA

9.0 DEFINITION OF TERMS

- Agent:** An agent is a suitable entity engaged by a money transfer services 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.
- Technical Partner** A foreign expert that **provides** professional **guides** to indigenous Money Transfer Services Operators
- Indigenous International**
- Money Transfer Operator:** An International MTSO that is incorporated in Nigeria
- Overseas Partners:** Foreign Shareholders in an indigenous IMTSO

TRADE AND EXCHANGE DEPARTMENT

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