



GUIDELINES ON USE OF AGENTS

JANUARY 2020

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Contents

Part I: Preliminary	4
1. <i>Authority</i>	4
2. <i>Scope</i>	4
3. <i>Objectives</i>	4
4. <i>Interpretation</i>	4
Part II: Authorization to Use Agents	8
5. <i>Authorization Required</i>	8
6. <i>Master Agents and Agent Network Managers</i>	8
7. <i>Application for Authorization to Use Agents</i>	10
8. <i>Determination of Applications</i>	12
9. <i>Suspension or Revocation of Authorization</i>	12
Part III: Agency Agreements	13
10. <i>Agency Agreement Required</i>	13
11. <i>Content of Agency Agreements</i>	13
12. <i>Agency Agreements Subject to Review</i>	15
Part IV: Recruitment and Use of Agents, Master Agents and Agent Network Managers	16
13. <i>Eligibility of Agents, Master Agents and Agent Network Managers</i>	16
14. <i>Execution of Agency Agreements</i>	17
15. <i>Due Diligence and Supervision of Agents</i>	17
16. <i>Risk Management</i>	19
17. <i>Money Laundering</i>	21
Part V: Activity of Agents	22
18. <i>Activity of Agents Generally</i>	22
19. <i>Agents of Banks</i>	22
20. <i>Agents of Other Deposit-taking Institutions</i>	22
21. <i>Agents of E-Money Issuers</i>	23
22. <i>Activities of Master Agents</i>	25
23. <i>Activities of Agent Network Managers</i>	25

24. <i>Termination of Agency</i>	25
25. <i>Settlement of Transactions and Technology Requirements</i>	26
26. <i>Minimum IT Requirement for the operation of Agent Banking</i>	26
27. <i>Data and Network Security Requirements</i>	27
28. <i>Oversight by the Central Bank</i>	27
29. <i>Maintenance of Records</i>	28
30. <i>Reporting and Notification</i>	29
31. <i>Agent Registry</i>	29
32. <i>Financial Penalties</i>	29
33. <i>Notice</i>	30
Part VII: <i>Consumer Protection</i>	30
34. <i>Awareness and Education</i>	30
35. <i>Disclosure of Information</i>	32
36. <i>Signage</i>	32
37. <i>Notification to Customers</i>	32
38. <i>Complaints and Redress</i>	33
39. <i>Dispute Resolution</i>	33
40. <i>Time for Compliance</i>	34
Part VIII: <i>GENERAL</i>	34
41. <i>Amendments</i>	34

PART I: PRELIMINARY

1. Authority

These Guidelines are issued by the Bank of Sierra Leone (hereinafter referred to as “the Central Bank”) in exercise of the powers conferred on it by Section 53 of the Other Financial Services Act 2001 and section 53 of the Banking Act, 2019 and any successor law.

2. Scope

These Guidelines shall apply to all financial institutions licensed under the Banking Act 2019 or the Other Financial Services Act 2001 or any successor law

3. Objectives

These Guidelines are issued in furtherance of Sierra Leone’s National Financial Inclusion Strategy to make financial services available, accessible, and affordable to all Sierra Leoneans and Micro Small and Medium Enterprises, and support inclusive and resilient private sector led growth. They promote the use of agents as a channel for delivery of financial services and specify necessary safeguards and controls to mitigate the associated risks and ensure consumer protection safeguards.

4. Interpretation

In these Guidelines on the use of Agent, unless the context otherwise requires,

- (1) **“Agency” means:** The legal capacity to act on behalf of another under the terms of an agency agreement.

- (2) **“Agency Agreement” means:** the contractual arrangement between (i) a principal and an agent or (ii) Master Agent and an agent, for the provision of banking or e-money services to end customers on behalf of the Principal;

- (3) **“Agency Business” means:** the provision of permissible banking business and other financial services including e-money services to end-customers by an agent on behalf of a principal;
- (4) **“Agent” means:** a natural or legal person that provides agency services to customers on behalf of a principal under an agency agreement. It may serve customers at one or multiple agent points and may be under contract with the principal directly or with a master-agent which is in turn under contract with the principal;
- (5) **“Agent Due Diligence” means:** the process of obtaining agent information and verifying/assessing the value of the information from independent and reliable sources for determining the suitability of the Agent, as well as to detect, monitor and report suspicious activity or violations of any rules associated with the service provided;
- (6) **“Agent Network Manager” means:** A person that provides support services relating to the management and supervision of others who are Agents of the principal but not Agents of the network manager.
- (7) **“Agent Service Point” means:** The physical location where an Agent delivers services to customers on behalf of the principal. A legal person acting as an agent may have multiple service points staffed by employees of the Agent entity.
- (8) **“AML/CFT” means:** Anti-money Laundering/Countering Financing of Terrorism.

- (9) **“Bank” means:** A body corporate licensed by the Central Bank in accordance with the Banking Act of 2019 to carry on banking business as defined in that Act.
- (10) **“cash-in” means** accepting banknotes or coins and performing the necessary steps to initiate the crediting of that monetary value to the customer’s e-money account;
- (11) **“cash-out” means** giving out banknotes or coins and performing the necessary steps to initiate the debiting of that monetary value from the customer’s account;
- (12) **“Central Bank” means:** The Bank of Sierra Leone (BSL).
- (13) **“Critical Service Provider” means:** A third party that provides Information Technology and/or other services, which are essential to the delivery of financial products or services.
- (14) **“Customer Due Diligence” (CDD) means:** Investigation and documentation of a customer’s identity and, where indicated, the reasons for the customer’s establishing a business relationship with a financial service provider.
- (15) **“E-money” means:** A store of value held on an electronic platform that is issued by a licensed e-money issuer, is denominated in Leones and is backed by cash deposits as required by the Bank of Sierra Leone.
- (16) **“E-money Issuer” means:** A person authorized by the Bank of Sierra Leone to issue e-money

- (17) ***“Financial Institution” means:*** A person that is licensed either under the Banking Act 2019 or the Other Financial Services Act 2001 or any successor to undertake financial activities in Sierra Leone.
- (18) ***“Non-bank Financial Institution” (NBFI) means:*** A person engaged in financial activities that are licensed under the Other Financial Services Act of 2001.
- (19) ***“Know Your Customer” (KYC) means:*** Procedures of investigation and documentation designed to confirm the identity and trustworthiness of a customer.
- (20) ***“Licensee” means:*** The holder of a duly issued license under the Banking Act of 2019 or the Other Financial Services Act of 2001 or any successor law.
- (21) ***“Master Agent” means:*** A person that is both agent and principal, that engages Agents who are sub-agents of the Master agent’s principal and act on behalf of the Master Agent’s principal.
- (22) ***“Person” means:*** an individual or a body corporate or association of bodies of persons whether or not incorporated.
- (23) ***“Principal” means:*** The person on whose behalf an Agent is acting.
- (24) ***“Sub-agent” means*** the Agent of an Agent who is in turn the Agent of an Ultimate Principal.
- (25) ***“Ultimate Principal” means:*** A principal that is a licensee and that has engaged a Master Agent to act on its behalf.

PART II: AUTHORIZATION TO USE AGENTS

5. Authorization Required

- (1) A Principal may utilize Agents to serve its customers provided that it assumes full responsibility and liability for the actions of the Agent to the extent that they relate to Agency Business and matters connected therewith, irrespective of whether the said actions are proscribed by the Agency Agreement.
- (2) Any Person seeking to utilize Agents to provide financial services shall apply for and obtain the written authorization of the Central Bank before commencing Agency Business.
- (3) Any Financial Institution proposing to use Agents must be licensed under the provisions of the Banking Act of 2019 or under the Other Financial Services Act of 2001 or any successor law.
- (4) A Bank or Non-Bank Financial Institution seeking to use Agents shall apply for and obtain authorization to use Agents from the Central Bank according to the provisions of these Guidelines.
- (5) Where an agency relationship exists and an agent is acting on behalf of a principal at the time these Guidelines become effective, the principal shall have a period of 6 months in which to comply with the terms of this section

6. Master Agents and Agent Network Managers

- (1) A Bank is permitted to employ a Master Agent or Agent Network Manager.
- (2) Financial Institutions are permitted to employ Master Agents and Agent Network Managers subject to the following conditions: -

- a) Identifying information about the master-agent and its business organization, including names of legal and natural persons as well as ID and business registration numbers;
- b) The physical location, postal address, and telephone numbers of the head office and any sub offices of the master-agent;
- c) A description of the commercial activities the master-agent has been performing for the last 12 months immediately preceding the date of the application;
- d) Copies of agency agreements stating any variations in the terms and conditions from the standard agency agreement (if any) and assigning reasons for the variations;
- e) The master-agent's own agent due diligence (ADD) policy and new agent take on procedures (NATP);
- f) A copy of the standard agency agreement under which the master-agent contracts agents on behalf of the principal;
- g) An internal audit report by the principal regarding the internal controls of the master agent as relates to the agency business;
- h) Anti-money laundering/countering financing of terrorism (AML/CFT) policies and procedures of the master-agent as they relate to agency business, including but not limited to know-your-customer (KYC) procedures at account opening;

- i) Agent operational policies and procedures, notably including those around monitoring and enforcing compliance by agents with all requirements originating in these Guidelines;
- j) The services to be provided by the master-agent and the limits to which it will be subject;
- k) The full incentive structure for agents managed by the master-agent associated with every service provided, including the agent fee/revenue sharing structure;
- (k) The principal shall notify the Central Bank about any change of the information mentioned in Sub-Paragraph (1) above, within one month of such a change occurring.

7. Application for Authorization to Use Agents

- (1) An application to the Central Bank for authorization to use agents shall contain, without limitation, at least the following minimum information: -
 - a) Types or classes of agents subject to different levels of qualification, due diligence, or permissible activities;
 - b) A description of products or services to be provided through the agents;
 - c) Proposed geographical coverage of agents;
 - d) Plan for use of Master Agents, if applicable;
 - e) A comprehensive risk assessment of operations and services to be performed by agents;
 - f) If the applicant is a registered company, a copy of a resolution approved by the board of directors authorizing the use of agents.

- g) To ensure that the applicant submit the policies and procedures governing the Agency:
 - (i) Screening and selection
 - (ii) Compensation
 - (iii) AML/CFT monitoring
 - (iv) Fraud prevention and monitoring
 - (v) Supervision and compliance monitoring, especially as applied to overcharging/overselling

- h) Copies of any proposed agency agreements to be used for
 - (i) Control and monitoring mechanisms/system to ensure compliant with relevant legislation and regulatory requirements.
 - (ii) Conduct and Service quality including standard operating procedures (SOPs) or user manual for Agents
 - (iii) Infrastructure to support agency, monitoring, resources, expertise, tools and technology
 - (iv) Customer protection measure, including awareness and education strategies
 - (v) Business Continuity plan and contingency arrangements to ensure the continuity of the organization

- i) A contingency plan to mitigate any significant disruption, discontinuity, or gap in agent service due to communication network outage or other reasons;
- j) Evidence of financial resources sufficient to support vetting, training and management of the planned agent network;
- k) The Principal's Agent Due Diligence policy and procedures;
- l) The policies and procedures applicable to the provision of services through agents, as well as a description of the technology to be used; and

m) An assessment report regarding internal controls to be used for agency business, including controls for and within any master agents to be used;

- (2) If the applicant is a bank it shall provide, in addition, the proposed location of each and every agent service point.
- (3) The application shall be delivered to the Financial Stability Department of the Bank or such other office as the Bank may specify.

8. Determination of Applications

- (1) Within 30 days of receipt of a completed application for authorization, the Bank shall grant or deny authorization to use agents and shall so notify the applicant.
- (2) For the purposes of this Guideline 8, an application is not complete until all required information is delivered to the Central Bank and any clarifications or corrections have been resolved.
- (3) With 10 days written notice to the applicant, the Bank may extend the time for review of an application.

9. Suspension or Revocation of Authorization

- (1) A principal shall notify the bank within 10 days upon
 - a) Any change in ownership of the principal or any master agent or agent network manager engaged by the principal;
 - b) Learning of the pending insolvency of the principal or any master agent or agent network manager engaged by the principal.

- c) Commencement of any legal action against the principal or any master agent or agent network manager that pertains to the conduct of any agent engaged by the principal, master agent or agent network manager.
- (2) Upon review of the circumstances the Central Bank may suspend or revoke any authorization to use agents and upon suspension or revocation the principal shall cease or modify any agent operations as directed by The Central Bank.
- (3) If authorization is suspended, the use of agents may be resumed upon lifting of the suspension without submitting a new application for authorization.
- (4) If authorization is revoked, a new application for authorization is required before agent activity may resume.

PART III: AGENCY AGREEMENTS

10. Agency Agreement Required

- (1) No person shall be engaged as an agent except under the terms of a written agency agreement signed by both parties.
- (2) A thumbprint is acceptable in lieu of signature in the case of illiterate persons.

11. Content of Agency Agreements

- (1) Any agency agreement shall contain, at minimum, the following provisions:
 - a) A clear statement of the scope of work to be performed by the agent.
 - b) A clear statement that the principal remains liable for the actions of the agent where those actions fall within the scope of work of the agent's employment.
 - c) A statement that the agent will be liable for any actions that do not fall within that scope of work;

- d) If applicable, a requirement that e-money agents shall operate against pre-funded e-money accounts only;
- e) Details of any remuneration of the agent, including any revenue sharing structure, incentives or bonuses;
- f) A statement that an agent or master-agent or employees of an agent or master-agent are not employees of the principal and have no claim to be treated as equals to employees of the principal;
- g) A requirement that the agent must ensure safe-keeping of all relevant records not otherwise captured electronically in the course of completing a transaction, and a requirement that any such records shall be, at regular pre-specified intervals, transferred to the principal;
- h) A requirement that any records and data relating to customers and their transactions that is collected in the normal course of business belongs to the principal and must otherwise be kept confidential;
- i) A statement that the agent is bound by all applicable laws, regulations and guidelines of the Central Bank as they relate to the policing of money laundering and terrorist financing, including the obligation to notify the principal of any suspicious transactions.
- j) A requirement that the agent or master agent may not subcontract or otherwise delegate any part of its contractual obligations to any third party;
- k) A merger clause stating that the written agreement is the sole and complete agreement between the parties and excludes any oral representations or agreements;
- l) A statement that The Central Bank shall have full and unrestricted access to all internal systems, information, data, and documents of the agent or master agent that pertain to the agency business;
- m) A statement that the terms of the agency agreement cannot be changed except in writing and upon approval of the Bank.

- n) Conditions under which either party may terminate the contract.
 - o) A statement that the agency business shall be terminated when any of the conditions set forth in section 22 of these Guidelines are not met.
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- (2) No agency agreement may contain any requirement of exclusivity or otherwise limit the ability of an agent or master agent to contract with other principals unless specifically approved by the Central Bank.
 - (3) Any third party service provider, who seeks to render agent banking in addition to providing the above services, shall be required to follow the application process for agent banking services as specified in this Guideline.
 - (4) Agents or master-agents shall be prohibited from charging directly any additional fee to the e-money holders for services rendered by them on behalf of the principal beyond such fees as are prescribed and advertised by the principal.
 - (5) A principal or master-agent may employ one or more agent network managers that provide support in recruiting, training, monitoring or managing liquidity for agents. If the agent network managers directly provide banking or e-money services to end customers, they are regarded as agents under these guidelines and the relevant rules apply.

12. Agency Agreements Subject to Review

- (1) Any proposed agency agreement shall be submitted to the Central Bank for review and approval before use. Once approved, a standard form agreement may be used with multiple agents without need of further review or approval.
- (2) All agency agreements shall be written in clear accessible language free of undefined technical terms.

PART IV: RECRUITMENT AND USE OF AGENTS, MASTER AGENTS AND AGENT NETWORK MANAGERS

13. Eligibility of Agents, Master Agents and Agent Network Managers

- (1) In addition to the requirements of these Guidelines, an agent of a bank must meet any requirements of agents separately imposed by the Banking Act of 2019 or any successor law.
- (2) Any agent of a non-bank financial institution that is a partnership or body corporate, and any master agent, or agent network manager must be registered with the Corporate Affairs Commission in Sierra Leone and have a permanent physical address in the country.
- (3) No person shall be eligible to be appointed or continue to act as an agent, master agent or agent network manager that: -
 - a) Has been guilty of fraud, theft, misappropriation of funds or similar offenses;
 - b) Who is classified as a non-performing borrower by any lending institution
 - c) Employs any executive, director or principal manager that has been guilty of fraud, theft, misappropriation of funds or similar offenses;
 - d) That is a school, church, non-profit agency/organization, political organization, or labor union.
- (4) If at any time during the period of their employment an agent, master agent or agent network manager fails to meet any of the requirements of this section they shall immediately become ineligible to serve as an agent, master agent or agent network manager as the case may be and the agency shall be terminated forthwith by the principal until such time as the terms of this section are met.

- (5) Failure to meet the requirements specified above shall result in the imposition of an administrative penalty as prescribed by the Central Bank.
- (6) If the proposed agent is regulated by an agency of the government of Sierra Leone other than the Central Bank, the agent must provide evidence of approval to serve as an agent from the regulator.
- (7) An agent under this section shall not open, close or relocate an agent service point without the written approval of the Central Bank in the form of a letter of no objection.

14. Execution of Agency Agreements

- (1) All agents or master agents must be provided with a copy of the agency agreement bearing original signatures or thumbprint.
- (2) Where a prospective agent is unable to read or is not conversant in the language in which the agency agreement is written, the agreement shall be witnessed by a third party who certifies that the terms of the agreement have been explained to the prospective agent by the principal or the principal's agent or representative.
- (3) Where an agency relationship exists and an agent is acting on behalf of a principal at the time these Guidelines become effective, the principal shall have a period of 6 months in which to comply with this agent Guideline and the terms of this Guideline.

15. Due Diligence and Supervision of Agents

- (1) A principal must maintain clear written policies and procedures for conducting due diligence on prospective agents and for ongoing monitoring of agent performance. These policies must cover, at minimum,

- a) Roles and responsibilities of those responsible for recruiting or supervising agents;
 - b) Initial screening and qualification of agents or master agents;
 - c) On-boarding procedures for new agents or master agents;
 - d) Procedures for regular monitoring and evaluation of agent performance including early warning signals requiring enhanced supervision;
- (2) Due diligence requirements for the screening and acceptance of agents shall be proportionate to the level of risk associated with the activities covered by the agency agreement.
- (3) Unless otherwise prescribed by the Central Bank, and for purposes of mitigating risk associated with agent activities, principals must establish appropriate restrictions on the size and type of transactions to be performed by particular classes of agents.
- (4) Description of prohibited activities of agents on behalf of financial institutions which include among others:
- a) Conducting transactions outside the business premise;
 - b) Facilitating banking transactions on an offline mode or on manual basis
 - c) Soliciting personal information from customers including account details and Personal Identification Number (PIN) of the customers;
 - d) Providing cash advances;
 - e) Appointing another party/sub-agent to provide banking services on their behalf; and
 - f) Charging customers for its agent banking services, in addition to the charges fixed by financial institution,

- (5) Financial institutions must conduct training to enhance the competency of agents before any agent banking activity is conducted, which encompasses at the minimum:
- a) Products and services offered by financial institutions;
 - b) Protection of customer information;
 - c) Fraud detection mechanisms including identification of counterfeit money;
 - d) Anti-money laundering and combating of financing terrorism (AML/CFT) procedures;
 - e) Equipment operation and troubleshooting; and
 - f) Complaints handling
- (6) The minimum selection process and criteria that shall be considered are:
- a) Selecting agents that have a business licence, permanent business premise and established core business. Financial institutions are prohibited from appointing businesses whose sole business is agent banking; and
 - b) Conducting assessment and due diligence (know-Your-Agent) on the business operations, which include: probity, personal qualities and reputation of the business owner; financial position and credit profile of the business and the owner; knowledge, capability and competency to conduct agent banking services at an acceptable quality.
 - c) Ability of the agent to control operational risks related to agent banking, particularly for agents representing multiple financial institutions

16. Risk Management

- (1) Financial Institutions shall be responsible for monitoring and supervising the activities of their agents.
- (2) Financial Institutions shall have information on the numbers and volumes of transactions carried out for each type of service by each agent.

- (3) Financial Institutions shall monitor effective compliance with set limits and establish other prudential measures in each case.
- (4) Financial Institutions shall implement measures to control operating risks, including having clause(s) in the contract establishing the liabilities of the agent.
- (5) Periodic visits by institution staff or authorized persons shall be necessary to ensure that agents operate strictly within the requirements of the law, Guidelines and the contract.
- (6) Financial Institutions shall conduct due assessment of agent's credit worthiness.
- (7) A business continuity management plan of Financial Institutions shall accommodate Agent Banking Operations to mitigate any significant disruption, discontinuity or gaps in agent's functions.
- (8) Financial Institutions shall put in place appropriate product and operations manuals, accounting procedures and systems and design appropriate forms/stationery to be used by the agent. Financial Institutions shall be responsible for monitoring and supervising the activities of their agents.
- (9) Financial Institutions shall have information on the numbers and volumes of transactions carried out for each type of service by each agent.
- (10) Financial Institutions shall monitor effective compliance with set limits and establish other prudential measures in each case.
- (11) Financial Institutions shall implement measures to control operating risks, including having clause(s) in the contract establishing the liabilities of the agent.

- (12) Periodic physical visits by institution staff or authorized persons shall be necessary to ensure that agents operate strictly within the requirements of the law, Guidelines and the contract.

17. Money Laundering

(1) Customer due diligence

Financial Institutions are required to conduct due diligence on customers to ensure that the requirements of Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) are adhered to.

Factors to consider include:

- a) Know your customer (KYC) requirements.
- b) Daily and transaction limits.
- c) Minimum IT security requirements.
- d) Authentication of each customer's transaction.

(2) Anti-money laundering and combating the financing of terrorism (AML/CFT) requirements

Financial Institution shall train their agents on anti-money laundering (AML) and combating of financing of terrorism (CFT) requirements.

Financial Institution shall ensure:

- a) Customers are identified with at least any of the following: IDs, PINs passwords, payment card, secret code or secret message while performing any transaction requiring identification.
- b) Agents report to the FI within twenty four (24) hours, all suspicious activities that come to the agent's knowledge.

PART V: ACTIVITY OF AGENTS

18. Activity of Agents Generally

Unless otherwise enumerated in these Guidelines, an agent may be authorized by their principal to engage in the same financial activity as their principal.

19. Agents of Banks

- (1) Bank agents may perform any activity of banking business as provided in the Banking Act of 2019 or any of the following:
 - a) Accepting deposits
 - b) Facilitate withdrawal of funds by customers
 - c) Facilitating funds transfer
 - d) Facilitating opening of accounts
 - e) Receiving loan and Financing repayments and
 - f) Facilitating bill Payment
- (2) Bank agents and sub-agents are not allowed to undertake any foreign currency transaction.
- (3) However, bank agents and sub-agents are permitted to provide encashment point services for the payment of Leones, underlying an in-bound money transfer transaction.

20. Agents of Other Deposit-taking Institutions

- (1) Agents may
 - a) Collect customer information meeting KYC requirements for account opening.
 - b) Forward KYC documents and information for approval by the principal.
 - c) Make Cash-in and Cash-out transactions from customer accounts.

- d) Market credit, savings and other authorized products offered, provided consumer protection Guidelines are strictly adhered to;
- e) Receive and forward applications for credit, savings, investment and insurance products;
- f) Attend to customer queries and complaints;
- g) Any other activity authorized by The Central Bank.

(2) Agents of other deposit-taking institutions shall not

- a) Undertake any form of appraisal of credit and insurance applications;
- b) Approve applications for credit, insurance or investment products;
- c) Undertake any form of foreign exchange transactions;
- d) Hold themselves out to be providing any agency-related services other than those expressly permitted in their agency contract;
- e) Carry out a transaction on behalf of a customer;
- f) Charge customers any fee beyond the standard fees charged by or on behalf of the principal;
- g) Transact when there is communication failure or when the issuance of physical or electronic receipt is not possible;
- h) Sub-contract all or any part of its contractual obligations to a third party;
- i) Represent directly or indirectly through branding or advertising that they are a financial institution; and
- j) Any other activity proscribed by The Central Bank.

21. Agents of E-Money Issuers

(1) E-money agents may

- a) Collect customer information meeting KYC requirements for particular account types.
- b) Open of certain classes of low-value accounts as may be authorized by The Central Bank.

- c) For all types of accounts, forward KYC documents and information for approval by the principal.
- d) Make Cash-in and Cash-out transactions from customer accounts.
- e) Market credit, savings and insurance products offered and underwritten by duly licensed financial institutions, provided consumer protection Guidelines are strictly adhered to;
- f) Receive and forward applications for credit, savings, investment and insurance products;
- g) Attend to customer queries and complaints;
- h) Any other activity authorized by The Central Bank.

(2) E-money agents shall not

- a) Undertake any form of appraisal of credit and insurance applications;
- b) Approve applications for credit, insurance or investment products;
- c) Undertake any form of foreign exchange transactions;
- d) Hold themselves out to be providing any agency-related services other than those expressly permitted in the agency contract;
- e) Carry out a transaction on behalf of a customer (e.g. sending money to another customer or paying a bill on behalf of a customer using the customer's phone);
- f) Charge customers any fee beyond the standard fees charged by or on behalf of the principal;
- g) Transact when there is communication failure or when the issuance of physical or electronic receipt is not possible;
- h) Sub-contract all or any part of its contractual obligations to a third party;
- i) Represent directly or indirectly through branding or advertising that they are a financial institution; and
- j) Any other activity proscribed by The Central Bank.

22. Activities of Master Agents

- (1) A master agent may
 - a) Act as both agent for its principal and principal for its sub-agents;
 - b) Perform due diligence on its sub-agents on behalf of its principal;
 - c) Unless otherwise restricted by its agency agreement with its principal, engage, compensate, evaluate or terminate sub-agents as desired.

- (2) A master agent shall not engage its sub-agent to perform any activity that is beyond the scope of the master agent's employment by its principal or beyond the scope of financial activity for which the principal is licensed.

23. Activities of Agent Network Managers

- (1) Unless otherwise restricted by agreement with its employer a network agent manager may:
 - a) Solicit new agents
 - b) Conduct due diligence on prospective agents
 - c) Train agents
 - d) Supervise and evaluate agents
 - e) Report on agent performance

- (2) A network agent manager may not
 - a) Sign any agency agreement or otherwise establish an agency relationship on behalf of the agent manager's employer.
 - b) Discharge any agent without consent of the agent manager's employer.

24. Termination of Agency

- (1) An agency shall be terminated by the principal where an agent or master-agent
 - a) Is guilty of a criminal felony or any offense involving fraud, dishonesty or other financial impropriety;

- b) Is being dissolved or wound up through a court order or otherwise;
 - c) Dies or becomes mentally incapacitated;
 - d) Transfers, relocates or closes its principal place of business without the prior written consent of the principal;
- (2) In the event of termination of an agency, the principal is responsible to ensure that the agent or master agent does not continue with agent business.
- (3) Where an agency is terminated, the principal shall notify customers in the locality where the agent or master agent was operating publishing a notice in a local paper, by SMS message or other means adequate to inform customers and the public generally of the termination.

25. Settlement of Transactions and Technology Requirements

- (1) To ensure real time transactions, the Financial Institution shall:
- a) Ensure that all transactions carried out within the agent banking are done on a real time basis through an appropriate technology.
 - b) Deploy technology that facilitates instant payment to the end users account.
 - c) Provide its agents with settlement positions for reconciliation of transactions.

26. Minimum IT Requirement for the operation of Agent Banking

- (1) The technology implemented by the FI for agent banking shall comply with the industry standard technology in terms of hardware and software The FI shall ensure that:
- a) Transaction information is transmitted in a secure manner.
 - b) Customers get immediate value for successful transactions.
 - c) Generation of receipts or durable acknowledgements for successful transactions.
 - d) Audit trail maintained and made available on request.

- e) All settlement information details are preserved for a minimum period of 5-years.
- f) The FI shall put in place adequate measures to mitigate all the risks that could arise from the deployment and use of its agency banking IT architecture.

27. Data and Network Security Requirements

- (1) Financial Institutions shall put in place systems that specifically and at a minimum addresses the following issues:-
 - a) Physical and logical security of infrastructure.
 - b) Availability of services
 - c) Data confidentiality and integrity.
 - d) Encryption of PIN and electronic transactions.
 - e) Customer accountability and non-repudiation of transactions.
 - f) Error messaging and exception handling.

PART VI: SUPERVISION OF AGENT ACTIVITIES

28. Oversight by the Central Bank

- (1) With respect to agents and master agents, The Central Bank shall have the same oversight and supervisory powers as apply to the principal under authority of the Banking Act 2019 or Other Financial Services Act 2011.
- (2) The provisions of this section shall apply to any agent, master agent or agent network manager.
- (3) With respect to any agent, master agent or agent network manager The Central Bank shall have powers to:
 - a) Access any premises, employees, records, information systems, or databases related to the agency relationship and its functions

- b) Carry out unplanned or unscheduled inspection of the books, records and premises;
- c) Direct a principal to take such remedial action, as it deems necessary to address problems with the conduct of an agent or master agent.
- d) Direct an agent or master agent to take such action or desist from such conduct as the bank may deem necessary;
- e) Direct a principal to terminate an agency;
- f) Assess administrative penalties for failure to adhere to any part of these Guidelines.

29. Maintenance of Records

- (1) Each principal, or master agent acting as principal, shall maintain for each agent or master agent records of the following information: -
 - a) Identifying information including name of legal and/or natural person as well as available ID or business registration numbers;
 - b) Postal address, and telephone numbers;
 - c) GPS coordinates for agent service point if available;
 - d) Executed copy of the associated agency agreement;
 - e) Start date and, if terminated, the end date of the agency relationship
 - f) Any indicator or the agent's class or status reflecting the scope of authorized activities;
 - g) Any allegations of malfeasance together with the outcome of any investigation or sanction imposed on the agent;
 - h) If terminated, the reasons for the termination of the agency relationship, whether or not for cause.
 - i) All records pertaining to any agent or master agent shall be retained for a period of not less than 3 years following the termination of the agency relationship and shall be available to the Central Bank upon request.

30. Reporting and Notification

- (1) Within 15 days of the close of each calendar month, every principal shall submit to The Central Bank, in the prescribed form and format, a report on agent activity. The report may be combined with any other return the principal is required to submit.
- (2) Failure to file timely reports shall be subject to an administrative penalty.
- (3) A principal shall notify The Central Bank within 10 days of when an agent, master agent or agent network manager
 - a) Changes ownership;
 - b) Is suspected of fraud or other criminal activity related to the agency business;
 - c) Is the subject of a criminal or civil complaint involving the agency business;

31. Agent Registry

- (1) Notwithstanding other provisions of these Guidelines regarding confidentiality of agent information, The Central Bank may require principals to provide certain information concerning agent identities, affiliations, activities and service points to be made available to industry stakeholders or members of the public in the interest of maintaining public access to and confidence in agents generally.

32. Financial Penalties

- (1) Failure to meet the requirements of these Guidelines, where failure persists after a written notification from the Central Bank, the Central Bank may impose a financial penalty.
- (2) Unless otherwise specified in applicable Guidelines of the Central Bank, the financial penalty for violation of these Guidelines shall be 50,000 Leones for each day of non-compliance.

33. Notice

- (1) Prior to issuing any penalties under this section, the Bank shall provide written notice to a licensee using agents, including notice of an intent to suspend or revoke any license or approval, and shall afford the issuer a reasonable opportunity to make representations to the Bank in response.
- (2) For purposes of this section electronic communication by email to any managing executive or other contact designated by the issuer shall be deemed sufficient notice

PART VII: CONSUMER PROTECTION

34. Awareness and Education

- (1) Financial institutions shall be fully responsible and accountable for the activities and conduct of their appointed agents, including any complaints against the agents. Financial institutions shall not disclaim responsibility for the agents' misconduct. Financial institutions are therefore required to implement appropriate measures to ensure that adequate safeguards for customer protection and preservation of customer's confidentiality are in place, which include among others, the following area:
 - a) Display of the national agent banking logo and the logo of financial institutions at the agent's business premise to signify that it is an appointed agent of a particular financial institution;
 - b) Establish measures to ensure the appointed agents are known to the public and establishment of appropriate mechanisms or customers to verify whether an agent is duly authorized. At the minimum:
 - (i) Financial institutions must prominently display the contact details of their customer service center (preferably a toll-free line) at the business premise of the agents for the purpose of lodging complaints or to verify the authenticity of the agent; and

- (ii) Financial institutions must publish and update the details of authorized agents (e.g. name, address, duration of the appointment) on their website.
- (2) Establish a dispute resolution/redress mechanism and a contact center that operates within the same business hours as the agents, facilitate communication between customers and the financial institution and ensure complaints lodged against agents are effectively addressed in line with the requirement of relevant policy documents, guidelines or circulars that have been issued by the Bank;
- (3) Establish measures to ensure customers' information is protected. Financial institutions and agents are not allowed to share customers' information with third parties without the prior consent of customers; except where compelled by law to disclose the information
- (4) Establish a client charter of agent banking services which includes the commitment of the financial institution and the agent to security, privacy policy and confidentiality of data, reliability and quality of services, transparency of products and services, and prompt response for enquiries and complaints;
- (5) Put in place education program for customers on agent banking, which may include education on the rights and responsibilities of customers as well as precautionary measures to be taken when opening savings accounts and transacting with agents; and
- (6) Ensure adequate disclosure of other information by agents at its business premise, which include but not limited to:
 - a) Its appointment as an agent of a financial institution and the duration of the appointment; and
 - b) This list of services, client charter, fees and charges and daily transaction limits of customers.

- c) Financial Institutions are encouraged to use infrastructure that allows open access that can cater or be opened to systems operated by other financial institutions, as one agent may represent multiple financial institutions.

35. Disclosure of Information

- (1) The terms and conditions of any product or service provided by an agent, including the rights and responsibilities of the customer, shall be available in writing and fully explained to the customer upon request.
- (2) Pricing of all products and services shall be fully disclosed to the customer before a transaction is completed and any hidden fees or charges are strictly prohibited. All communication with consumers should be in plain, simple and comprehensible language..
- (3) Other than disclosure to their principal, agents shall maintain strict confidentiality of customers' personal information and transaction details.

36. Signage

- (1) Each agent service point must post signage displaying the following minimum information: -
 - a) Agent name
 - b) Name of the agent's principal
 - c) Any unique ID number assigned to the agent by the principal or as part of an agent registry
 - d) A phone number or location where customer complaints may be lodged.

37. Notification to Customers

- (1) For all agent-based transactions customers shall be issued with an electronic notification or a physical receipt providing at least the following information:

- a) Agent name or ID
- b) Transaction amount;
- c) Transaction type;
- d) Any fees charged;
- e) Unique transaction reference; and
- f) Identifying details of the recipient of an outbound transaction or the sender of an inbound transaction.

38. Complaints and Redress

- (1) A principal shall establish policies and procedures for the submission, analysis, investigation and redress of customer complaints.
- (2) Complaints should first be reported to the financial institution which the agent is representing. A principal must provide at least one telephone number where complaints may be lodged.
- (3) Financial institutions are required to provide a holding reply to the complainant in writing not later than 48 hours upon receipt of the complaint.
- (4) Principals must maintain comprehensive records of all complaints received and their disposition for a period not less than 90 days.
- (5) For purposes of this section a customer inquiry requesting reset of their pin code shall not constitute a complaint.

39. Dispute Resolution

- (1) Where a dispute arises between an financial institution and an agent, it shall be settled as provided below:
 - a) The Financial institution, which the agent is representing should resolve a complaint within 10 working days of receipt of the complaints.

b) All unresolved disputes should be reported to the Bank.

40. Time for Compliance

(1) A licensee or RFI which, with approval of the Bank, has agents acting on its behalf at the time this Guideline comes into effect shall:

a) Within six (6) months, come into compliance with the provisions of this Guideline.

b) Not be required to submit a new request for approval to use agents.

PART VIII: GENERAL

41. Amendments

(1) The Bank of Sierra Leone may amend these Guidelines from time to time as and when deemed appropriate.

BANK OF SIERRA LEONE

JANUARY 2020