



REPUBLIC OF ZAMBIA

GOVERNMENT GAZETTE

Published by Authority

Price:

K15.00 net

Annual Subscription: Within Lusaka—K400.00

No. 7036]

Lusaka, Friday, 10th September, 2021

[Vol. LVII, No. 87

GAZETTE NOTICE No. 643 OF 2021

The National Payment Systems Act
Act No. 1 Of 2007)

The National Payment Systems (Money Transfer Services) Directives, 2021

WHEREAS, the Bank is entrusted with the responsibility of regulating, overseeing and maintaining an efficient and safe payment system in Zambia; and

WHEREAS, it is the intention of the Bank to protect the integrity of the payment, clearing and settlement system,

NOW THEREFORE, in exercise of the powers contained in Section forty-three of the National Payment Systems Act, 2007 the following Directives are hereby made

PART I PRELIMINARY

Short title

1. These Directives may be cited as the National Payment Systems (Money Transfer Services) Directives, 2021.

Application

2. These Directives shall apply to any person conducting or offering to conduct Money Transfer Services in Zambia.

Authority of the Bank

3. (1) The Bank shall be the regulatory authority for the purpose of giving effect to these Directives.

(2) The Bank may, subject to such conditions as it may consider necessary, delegate to any person the performance of any of the powers conferred upon the Bank, in these Directives.

(3) The Bank may require a Money Transfer Services Provider to furnish it with details of any of its operations.

(4) The Bank may require access to the Money Transfer Services Provider's operations data, including records at commercial bank(s) and non-bank financial institution(s) maintaining the Customer Funds Account and the records of its Agents.

Interpretation

4. In these Directives, unless the context otherwise requires:

“Act” means the National Payment Systems Act No. 1 of 2007;”

Agent” means a person or entity appointed by a Money Transfer Services Provider to provide money transfer services on its behalf;

“Applicant” means a person that files an application for designation as a Payment System Business offering money transfer services, under the National Payment Systems Act of 2007;

“Bank” means the Bank of Zambia established under Article 213 (1) of the Constitution and section 3 of the Bank of Zambia Act;

“Compensation” means any fee, commission, or other benefit;

“Control” means any of the following:

- (a) Ownership directly or indirectly, of least twenty-five percent of a class of voting securities or voting interests of a designated entity or person in control of a Money Transfer Service Provider.
- (b) Power to control, directly or indirectly, more than twenty-five percent of a class of voting securities or voting interests of a designated entity or person in control of a Money Transfer Service Provider.
- (c) Power to elect a majority of executive officers, managers, directors, trustees, or other persons exercising managerial authority of a Money Transfer Service Provider or person in control of a Money Transfer Service Provider.
- (d) The power to exercise, directly or indirectly, a controlling influence over the management or policies of a Money Transfer Service Provider or person in control of a Money Transfer Service Provider;

“Customer Funds” comprise the following

- (a) Sums of funds received from customers by a Money Transfer Service Provider or its Agents for the purpose of remitting the funds to the intended beneficiary; or
- (b) Sums of funds received by a Money Transfer Service Provider or its Agents for the benefit of customers.

“Customer Funds Account” means a bank account held in trust by a Money Transfer Services Provider, in which the Money Transfer Services Provider stores all customer funds which are not redeemed by the intended beneficiary within 48 hours after receipt of the funds by the Money Transfer Services Provider or its agent;

“Designation” means the authorization granted by the Bank to enable an entity to operate money transfer services in Zambia;

“**Financial Institution**” shall have the meaning assigned to it in the Banking and Financial Services Act;

“**International Money Transfer Service Provider**” means any entity that carries on a business of money transfer services beyond the national boundaries of the Republic of Zambia;

“**Interoperability**” means the ability of a system, product or service to work with other systems, products or services without special effort on the part of the customer;

“**Local Money Transfer Service Provider**” means any entity that carries on a business of Money Transfer Services within the national boundaries of the Republic of Zambia;

“**Location**” means a place of business at which activity conducted by a Money Transfer Service Provider occurs;

“**Money Transfer Services**” means a service where funds are received from a sender in the form of cash, cheques, other monetary instruments or other stores of value, for the sole purpose of transferring or remitting a corresponding amount to a beneficiary which can involve one or more intermediaries and a third party and can be done through a location, mobile application, website or other such platforms;

“**Person**” shall have the meaning assigned to it in the Act;

“**register**” means the register maintained by the Bank of Zambia under Directive 13;

“**Remit**” means to make direct payments of money to a Money Transfer Service Provider or its authorized agent or to deposit money in a bank in an account specified by the Money Transfer Service Provider;”

“**Significant shareholder**” means any direct or indirect shareholding or beneficial interest in excess of five per cent of the share capital of a Money Transfer Services Provider;

PART II

REQUIREMENTS FOR AUTHORIZATION OR DESIGNATION TO OFFER MONEY TRANSFER SERVICES

5. (1) Any person intending to offer money transfer services shall apply to the Bank for designation.

(2) A person regulated under the Banking and Financial Services Act, 2017 who wishes to offer money transfer services shall make an application to the Bank for authorization. The application shall amongst other requirements include the following—

- (a) A detailed product proposal;
- (b) Risk management framework for the product; and
- (c) Service level agreement and any other agreements related to the products

6. (1) The application shall be in a form determined by the Bank and shall be accompanied by application fees. For applicants not regulated under the Banking and Financial Services Act, 2017, the form of application shall include the following—

- (a) Certified copies of the Certificate of Incorporation and the Articles of Association of the company;

- (b) The physical and postal addresses of its head office;
- (c) The names and the permanent residential addresses of its directors, key senior management and significant shareholders or beneficial owners;
- (d) The addresses of each branch proposed to be opened by the applicant and the proposed total number of branches, and, in the case of a mobile office, the area proposed to be served;
- (e) Details of the types of services proposed to be offered;
- (f) Business plan with projected financial statements for at least three years that demonstrate that the applicant is able to employ the appropriate and proportionate systems, resources and procedures to operate soundly;
- (g) Where the applicant is an established business, audited financial statements for the previous two years;
- (h) The source and evidence of availability of capital;
- (i) A description of the applicant’s governance arrangements and internal control mechanisms (including its administrative, risk management and accounting procedures that demonstrate that those governance arrangements, control mechanisms and procedures are proportionate, appropriate, sound and adequate);
- (j) A description of the internal control mechanisms that the applicant has established to comply with its obligations in relation to money laundering and terrorist financing;
- (k) The name and address of the applicant’s auditors, who shall be registered under an accounting body of accountants and shall be subject to the approval of the Bank;
- (l) The name and address of the applicant’s proposed bankers; Details of risk mitigation, management and control mechanisms that have been or will be put in place to address various risks including operational risk, credit risk, liquidity risk and cyber Security risk;
- (m) Standard Agency Agreements and Agreements with other key stakeholders;
- (n) Proposed Customer Funds Account Agreement;
- (o) Certified photocopies of all significant Shareholders, or Directors’ identification documents;
- (p) Detailed Curriculum Vitae of each of the significant shareholders, directors and senior management such as the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Information Technology Officer and Compliance Officer;
- (q) Directors’ questionnaires for significant shareholders, directors and senior management;
- (r) Vital Statistics forms for each of the significant shareholders, directors and senior management;
- (s) Where a significant shareholder, senior manager or director is a non-Zambian, results of security screening from their country of origin; and
- (t) Any other information that the Bank may require.

(2) At any time after receiving an application and before determining it, the Bank may by written notice require the applicant to provide to the Bank additional information or documents or direct the applicant to comply with such other requirements as the Bank may require.

(3) Any information or statement to be provided to the Bank under this Directive shall be in such form as the Bank may specify; and the Bank may by written notice require the applicant to cause a report to be provided by an accountant or other qualified person approved by the Bank on such aspects of that information as may be specified by the Bank.

Designation Certificate

7. (1) Where the Bank is satisfied that the applicant has met the requirements for designation, the Bank shall approve the application.

(2) (a) The Bank shall, where an application is approved and upon payment of an annual designation fee by the applicant, issue the applicant with a designation certificate.

(3) A designation certificate may be issued subject to such terms and conditions as the Bank may impose.

(4) A designation certificate shall remain valid unless it is revoked by the Bank.

Pre-launch inspection

8. (1) Applicants granted a designation certificate shall not offer their services to members of the public until the Bank conducts pre-launch inspection of its premises and systems to ascertain the suitability of the business premises, security environment, the systems and technology being used for the provision of the services.

(2) The Bank shall, not later than five (5) working days after the inspection, inform the institution in writing on whether or not the premises and systems are suitable for commencement of business operations.

Refusal to designate

9. (1) The Bank may refuse to grant designation if the applicant does not meet the requirements prescribed by the Bank.

(2) An applicant aggrieved by the refusal of the Bank to grant a designation may, within 14 days of the decision, notify the Minister of Finance of the intention to appeal against the decision.

(3) The appeal shall be determined in accordance with section 41 of the Act.

Display of Designation Certificate

10 (1) A Money Transfer Services Provider shall display its designation certificate in a conspicuous place at its Head Office. (2) A Money Transfer Services Provider shall display a certified copy of its designation certificate in a conspicuous place on the premises of every branch where it conducts its business.

(3) A Money Transfer Services Provider that contravenes Sub-Directive (1) or (2) commits an offence.

Designation Certificate not transferrable

11 (1) A designation certificate shall not be transferred, assigned or encumbered in any way: (2) A person shall not operate or manage a Money Transfer Service on behalf of another person, without the prior written approval of the Bank.

(3) Any person who contravenes Sub-Directive (1) or (2) commits an offence.

Revocation of Designation Certificate

12 (1) The Bank may revoke a designation certificate for non-compliance or breach of the Act, guidelines and directives as may be issued from time to time.

(2) Where the Bank decides to revoke a designation certificate, the Bank shall—

- (a) inform the applicant or other person affected by the decision on the reasons for the decision; and
- (b) invite the applicant or person to make any written representation in relation to the decision within a time specified in the notice

(3) The Bank may also impose any relevant sanction for non-compliance or breach of the Act, guidelines and directives.

Register of Money Transfer Service Providers

13 (1) The Bank shall maintain a register of—

- (a) authorised Money Transfer Service Providers and their branches;

(2) The Bank may—

- (a) Keep the register in any form it deems fit; and
- (b) Include on the register such information as the Bank considers appropriate.

(3) The Bank may –

- (a) publish the register in any other way and may make such publication available for public inspection;
- (b) update the register on a regular basis; and
- (c) provide a certified copy of the register, or any part of it, to any person who asks for it—
 - (i) on payment of a fee fixed by the Bank; and
 - (ii) in a form (either written or electronic) in which it is legible to the person asking for it.

Minimum Capital requirements

14 (1) A Money Transfer Services Provider shall be required to have an initial capital as prescribed by the Bank and must maintain continuing capital as outlined in (2).

(2) Continuing Capital shall be equal to or greater than 2% of the larger of—

- (a) The current amount of its outstanding customer liabilities at the end of the prior business day; or
- (b) The average outstanding customer liabilities.

(3) Continuing capital shall not fall below the prescribed initial capital.

(4) The conditions under which funds may be recognized and measured as capital of a money Transfer Services Provider shall include the following:

- (i) Fully paid ordinary share capital;
- (ii) Share premium account;
- (iii) Retained earnings; and
- (iv) 40% of Revaluation reserves.

(5) A Money Transfer Services Provider that is in operation at the coming into effect of these Directives and does not meet the continuing capital requirements shall be required to build its capital to the prescribed level not later than two years from the date of coming into force of these Directives.

Transaction and balance limits

15 The Bank may prescribe transaction and balance limits on money transfer services.

Unclaimed Customer funds

16 (1) Any customer funds held by a Money Transfer Services Provider shall be presumed abandoned upon the expiration of 12 months if the intended beneficiary does not redeem the funds, and neither the sender nor the intended beneficiary responds to a notice sent by the Money Transfer Services Provider within the 12-month period.

(2) A Money Transfer Services Provider holding customer funds presumed abandoned shall relinquish the funds to the Bank within thirty days after the funds are deemed abandoned.

(3) A Money Transfer Services Provider holding abandoned customer funds at the time of coming into effect of these Directives shall immediately relinquish such funds to the Bank.

(4) A Money Transfer Services Provider that relinquishes funds to the Bank under (2) or (3) above shall retain the records concerning the relinquished funds for a minimum period of ten (10) years.

(5) A person whose funds have been relinquished to the Bank in accordance with this directive may claim the funds from the Bank within a period of six years from the date of receipt of the funds by the Bank.

(6) No action to recover, and no other action in respect of any funds presumed abandoned and paid in or relinquished in accordance with this directive may be brought against the Money Transfer Services Provider or against the Bank after the sixth year following payment or relinquishing to the Bank, but where the Bank considers it desirable, to avoid hardship or injustice, the Bank may make a payment to a claimant in respect of customer funds presumed abandoned to that person.

PART III

SAFEGUARD OF CUSTOMER FUNDS

Safeguarding of Customer Funds

17 (1) A Money Transfer Services Provider shall ensure that customer funds are maintained separately from all other funds and are not coming led with operational funds;

(2) Where customer funds are not redeemed by the intended beneficiary 48 hours after receipt of the funds by the Money Transfer Services Provider or its agents, all such customer funds shall be stored in a Customer Funds Account;

(3) A Money Transfer Services Provider shall maintain the Customer Funds Account at a commercial bank or financial institution approved by the Bank for this purpose;

(4) The Customer Funds Account shall be maintained in such a way as to show that it is an account which is held in trust for the purpose of safeguarding customer funds in accordance with these Directives and shall not be co-mingled with operational funds;

(5) The Customer Funds Account shall be used only for holding customer funds for the purpose of facilitating money transfer services;

(6) A Money Transfer Services Provider shall not in any way invest or intermediate funds held in the Customer Funds Account;

(7) The trust relationship pertaining to the funds held in the Customer Funds Account shall be between the Money Transfer Services Provider and its customers;

(8) A Money Transfer Services Provider shall not offer funds held in the Customer Funds Account as collateral to any party;

(9) Any customer funds not stored in the Customer Funds Account shall be required to be safeguarded through use of appropriate insurance policy or guarantee provided by a competent provider;

(10) The Money Transfer Services Provider must keep a record of all customer funds;

(11) Acceptance of customer funds and funds held by the Money Transfer Services Provider in accordance with these Directives shall not constitute deposit taking; and

(12) The Bank may revise the requirements in this directive as it deems fit.

Protection of funds in the Customer Funds Account or proceeds from insurance policy/guarantee during liquidation

18. The customer funds in the Customer Funds Account or the proceeds from insurance policy cover or guarantee on customer funds belong to customers of the Money Transfer Services Provider and these funds shall —

(a) not form part of the assets available for distribution by the receiver or liquidator of a Money Transfer Services Provider; and

(b) in an event of a liquidation or receivership of the Money Transfer Services Provider, customer funds shall be paid in full to the customers.

Payment of interest on the Customer Funds Account

19. (1) A Money Transfer Services Provider shall not earn interest on funds held in the Customer Funds Account.

PART IV

AGENTS AND OUTSOURCING

Conduct of money transfer services through Agents

20. (1) A Money Transfer Services Provider may conduct money transfer services through Agents provided it carries out adequate due diligence on the Agents before the Agent is engaged.

(2) Where the Money Transfer Services Provider intends to use Agents, it shall submit the following to the Bank at least 30 days prior to it conducting business through Agents:

(a) The procedures for recruiting Agents;

(b) A description of the internal control mechanisms that will be used by the Agent to comply with the anti-money Laundering and combating financing of terrorism requirements;

(c) A copy of the draft standard Agency Agreement/s;

(d) The risk management framework for the Agents;

(e) Agent manuals and materials to be used for training; and

(f) Description of the system to be used for providing services through Agents.

(3) The Money Transfer Services Provider shall—

- (a) Have written agreements with all Agents;
- (b) Not enter into exclusive arrangements with Agents;
- (c) Restrict the level of transaction volumes and/or values in line with the perceived risk identified during the due diligence carried out on an Agent;
- (d) Ensure that an Agent acting on its behalf informs customers of the agency arrangement;
- (e) Ensure that it provides the Agent with adequate training and supervision on activities relating to the provision of money transferservices including Anti-Money Laundering and Combating the Financing of Terrorism;
- (f) Be liable to its customers for business conducted by the Agents within the scope of the Agency Agreement; The agency agreement shall not exclude such liability;
- (g) Remain fully responsible for ensuring that the Agent complies with all legal and regulatory requirements related to the provision of money transferservices;
- (h) Allocate to each Agent a unique identification number which shall be displayed in a conspicuous place at the Agent's business premises.

(4) The Agent shall not provide payments services outside the scope of the authorisation granted to the Money TransferServices Provider unless the Agent is designated by the Bank to engage in that payment service.

(5) The Bank or person appointed by the Bank may at any time, cause an examination to be made of any Agent and the books or accounts related to the money transferservice.

(6) A Money Transfer Services Provider shall maintain a register of all its Agents.

(7) The Bank may request a Money TransferServices Providerto remove an Agent from its register if the Bank —

- (a) has received adverse information on the Agent;
- (b) has reason to believe that the Money TransferServices Providerhas not carried out proper due diligence on the Agent;
- (c) has reasonable grounds to believe that, in connection with the provision of services through the Agent—
 - (i) money laundering or terrorist financing is taking place, has taken place, or has been attempted; or
 - (ii) the risk of such activities taking place would be increased.

(8) Where the Money Transfer Service Provider's designation is suspended or revoked by the Bank, all its Agents shall cease to provide payments services on its behalf.

(9) The Money Transfer Services Provider shall provide the Bank with a quarterly update of the Agents in a prescribed format. The update shall include—

- (i) the name, contact details and location;
- (ii) the identity of the directors and persons responsible for the management of the Agent where applicable;

(iii) the beneficial owners of the entity providing the agency services; and

(iv) such other information as the Bank may require.

Outsourcing

21. (1) A Money TransferServices Providershall notify the Bank of its intention to outsource any operational function relating to the conduct of money transferservices;

(2) Where the Money TransferServices Providerintends to outsource any important operational function, the following conditions shall be met—

- (a) the outsourcing is not undertaken in such a way as to impair—
 - (i) the quality of the internal controls of the Money Transfer Services Provider; or
 - (ii) the ability of the Bank to provide effective oversight of the Money Transfer Service Provider's activities;
- (b) the outsourcing does not result in any delegation by the senior management of the Money TransferServices Providerof responsibility for complying with the requirements imposed by these Directives;
- (c) the relationship and obligations of the Money TransferServices Provider towards its customers under these Directives is not altered;
- (d) compliance with the conditions under which the designation was issued will not be adversely affected; and
- (e) None of the conditions of the Money Transfer Services Provider's designation requires removal or variation.

(3) For the purposes of paragraph (2), an operational function is important if a defect or failure in its performance would materially impair—

- (a) compliance by the Money TransferServices Providerwith these Directives and any requirement issued under its designation;
- (b) the financial performance of the Money TransferServices Provider; or
- (c) the soundness or continuity of the Money TransferServices Provider's business.

Responsibilities with third parties

22. (1) Where aMoney TransferServices Providerrelies on a third party for the performance of operational functions it shall take all reasonable steps to ensure that these Directives are complied with.

(2) A Money TransferServices Providerremains liable for any acts of a) its employees or;b) Any agent or entity to which activities are outsourced.

PART V

PROHIBITIONS AND RESTRICTIONS

Prohibition of unauthorized business

23 (1) A person shall not conduct or offer to conduct money transferservices unless the person has been authorized or designated by the Bank.

(2) A person who contravenes Sub- Directive (1) above commits an offence and is liable, on conviction, to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding three years, or to both.

Restriction on money transferservices

24 (1) A Money Transfer Services Provider other than one licensed to offer the under-listed services under the Banking and Financial Services Act shall:

- (a) Not undertake any other business other than business that is related to the provision of money transfer services or other payment services.
- (b) Not own shares in other undertakings except those that provide functions related to money transferservices.
- (c) Not be in the business of making or granting loans or credit

(2) A person not regulated under the Banking and Financial Services Act and engaged in business unrelated to money transfer services but wishes to provide money transfer services shall register a new body corporate for the provision of the money transfer services.

PART VI

CUSTOMER TRANSACTIONS AND PROTECTION

Know Your Customer requirements

25 The Money Transfer Services Provider shall comply with;

- (1) Know Your Customer (KYC) requirements;
- (2) other laws and regulations or Directives as may be issued.

Customer transactions

26 (1) A Money Transfer Services Provider shall establish and maintain such systems and controls that shall ensure that—

- (a) transaction authentication methods do not reject or repudiate valid money transfer transactions once initiated by a customer;
- (b) customer transactions are completed in real time from the time a customer initiates the transaction;
- (c) authorization controls and access privileges for all systems, databases and applications are restricted to authorized persons only;
- (d) data integrity of the transactions is maintained and protected;
- (e) there is clear audit trail for all transactions;
- (f) confidentiality of all customer and transaction information is maintained;
- (g) identification, authorization and authentication of transactions is based on best practice; and
- (h) the purpose of the transaction (transfer) is clearly stated by the customer.

(2) The Money Transfer Services Providers shall have a business continuity plan.

(3) A Money Transfer Services Providers shall comply with Customer Complaints Handling and Resolution Directives as prescribed by the Bank.

Split transactions

27 A Money Transfer Services Provider shall not allow or process a transaction that appear to have been deliberately split into small amounts in order to circumvent prescribed transaction limits.

Customer Protection

28 (1) The Money Transfer Services Provider shall ensure that—

- (a) Each customer has an understanding of a service being offered;
- (b) It discloses to the customer the risks of using the services;
- (c) A customer is made aware of the total cost (fees, exchange rate where applicable) of the services before carrying out any transaction;
- (d) Ensure that where applicable, the exchange rate used in transactions is the rate quoted by their bankers or the central bank;
- (e) It displays the length of time, which should be near real-time, it takes to remit funds to all areas serviced by the Money Transmission Service Provider in a conspicuous place; and
- (f) Customer data and information is protected and kept confidential.

(2) A Money Transfer Services Provider shall clearly communicate to a customer the roles, responsibilities and rights of all the parties to a transaction before transacting with the customer.

(3) A Money Transfer Services Providers shall ensure that all Agents are adequately trained to administer the customer protection requirements in this Directive.

Disclosure of charges

29 (1) A Money Transfer Services Providers shall disclose all its charges to customers in a conspicuous place within its premises and the premises of all its Agents.

PART VII

ADDITIONAL REQUIREMENTS FOR INTERNATIONAL MONEY TRANSFER PROVIDERS

30 An International Money Transfer Provider shall:

- (1) provide details of its interconnection with counterparties in other jurisdictions;
- (2) harmonize its operations in order to comply with the legal requirements and supervisory regulations in the jurisdictions within which it operates;
- (3) submit key agreements with various parties that will enable the operation of international money remittances; and
- (4) Abide by the laws in the foreign jurisdictions in which it operates.

PART VIII

RECORDS AND RETURNS

Record Keeping

31 (1) Money Transfer Services Providers shall retain customer information and transaction records for a minimum period of ten years from the date on which the record was created.

Submission of returns

32 (1) A Money Transfer Services Provider shall submit returns in a prescribed format to the Bank every month by the 6th business day after the end of that month.

(2) A Money Transfer Services Provider shall submit an incident report to the Bank of Zambia within 48 hours of all major operational or security incidences. The report shall state controls in place and steps taken to rectify the matter and prevent recurrence.

(3) The Bank may require a Money Transfer Services Provider to submit any other information that the Bank may consider necessary.

Oversight inspection

33 (1) The Bank—

- (a) may require any Money Transfer Services Provider to provide such information as it may require in order to monitor compliance with these Directives;
- (b) may carry out on-site inspections at—
 - (i) the premises of a Money Transfer Services Provider or its branch;
 - (ii) any Agent providing money Transfer services on behalf of a Money Transfer Services Provider;
 - (iii) the premises of any entity to which a Money Transfer Services Provider's activities are outsourced.

Investigations

34 (1) The Bank may, by its officers or agents duly authorised in writing—

- (a) enter and search the premises from where a person is believed to be providing or carrying out money Transfer services or payment services business; and
- (b) inspect any books, accounts and records of that person and take copies of or make extracts from them.

PART IX OTHER REQUIREMENTS

Duty to notify change

35 (1) Where it becomes apparent to a Money Transfer Services Provider that there is, or is likely to be, a significant change in circumstances which are relevant to—

- (i) the fulfilment of any of the conditions set out in these Directives and other relevant laws and regulations or Directives; or
- (ii) the conduct of money Transfer services, or the payment services, which it offers;-

it shall provide the Bank with details of the change without undue delay, or, in the case of a substantial change in circumstance which has not yet taken place, details of the likely changes within a reasonable period before it takes place.

(2) A Money Transfer Services Provider shall seek approval from the Bank for any changes to the governance structures and operations.

(3) A Money Transfer Services Provider shall notify the Bank prior to introducing a new charge or increasing the rate of an existing charge.

Interoperability and real time transactions

36 (1) A Money Transfer Service Provider shall use technical standards and specifications that provide for interoperability.

(2) A Money Transfer Service Provider must ensure that all money transfer transactions are done in real time.

Legal tender

37 (1) A Money Transfer Services Provider shall conduct money Transfer services in Zambian Kwacha:

- (a) All local money transfers shall be conducted using the Zambian Kwacha;
- (b) All international in-bound money transfers into Zambia shall be disbursed to beneficiaries using the Zambian Kwacha at rate quoted by their bankers or the central bank; and

(c) A Money Transfer Service Provider or its agents shall only accept the Zambian Kwacha in conducting international outbound money transfers.

(2) The Bank, may subject to such terms and conditions as it may deem necessary, authorize a Money Transfer Services Provider to offer money transfer services in a foreign currency.

Compliance with Anti-Money Laundering and Combating Financing of Terrorism laws

38 (1) A Money Transfer Services Provider shall comply with the Anti-Money Laundering laws in Zambia.

(2) A Money Transfer Services Provider shall ensure that all its employees and Agents are adequately trained on anti-money laundering and combating financing of terrorism.

(3) A Money Transfer Services Provider shall designate an officer to be responsible for reporting all transactions suspected of being related to money laundering and terrorism financing.

Insolvent Money Transfer Service Provider

39 (1) In these Directives, "insolvency event" means any of the following procedures in relation to a Money Transfer Service Provider—

- (a) the making of a winding-up order;
- (b) the passing of a resolution for voluntary winding-up;
- (c) the entry of the institution into administration;
- (d) the appointment of a receiver or manager of the institution's property;
- (e) the approval of a proposed voluntary arrangement (being a composition in satisfaction of debts or a scheme of arrangement);
- (f) the making of a bankruptcy order;
- (g) the conclusion of any composition contract with creditors;
- (h) the making of an insolvency administration order; and
- (i) the conclusion of any composition contract with creditors.

(2) In an insolvency event, a Money Transfer Services Provider shall not:

- (a) receive any funds from customers or agents; or
- (b) Enter into any new, or continue to conduct any existing money transfer services except that which is incidental to the orderly realisation, conservation and preservation of its assets.

External Auditors

40 (1) Every Money Transfer Services Provider shall appoint an independent external auditor who shall be a member in good standing of a professional body of accountants in Zambia.

(2) The Money Transfer Services Provider shall be required to submit to the Bank a copy of the report of the auditor, together with a copy of the annual financial statement within a period of three months from the end of each financial year.

(3) The Bank may appoint an external auditor, at the expense of the Money Transfer Services Provider, to conduct a special audit relating to the operations of the Money Transfer Services Provider.

General offence and penalty

41 A person who breaches any condition or requirement under these Directives commits an offence and is liable, on conviction, to the sanction specifically stated for that breach and where no sanction is stated, is liable, on conviction to a fine not exceeding one hundred thousand penalty units or to a term of imprisonment not exceeding two years, or to both.

Directives to come into force

42 These Directives shall come into force on the day that they are published in the Gazette.

F. CHIPIMO (PHD),
Deputy Governor—Operations

