



Mobile Money  
for the Unbanked

# ENABLING MOBILE MONEY POLICIES IN THE DEMOCRATIC REPUBLIC OF CONGO

Leadership, pragmatism, and participatory approach  
to creating a competitive market

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MARCH 2014



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# Introduction

In December 2011, the Democratic Republic of Congo's (DRC) central bank released a new regulatory framework on electronic money (e-money): Directive #24. This was a landmark development in the Banque Centrale du Congo's (BCC) financial inclusion strategy. Recognising mobile money's unrivalled potential to reach the unbanked, BCC has designed an enabling regulatory framework that allows non-bank e-money issuers to offer transformational financial services. A few months after the release of the new framework, four mobile network operators (MNOs) were granted a licence and three launched operations, creating a competitive mobile money market that is bringing efficiency in a country where neither banks nor payment service providers have yet managed to reach scale. The rapid market uptake of e-money is the direct result of an inclusive engagement process through which the regulator and mobile providers created Directive #24 on electronic money.

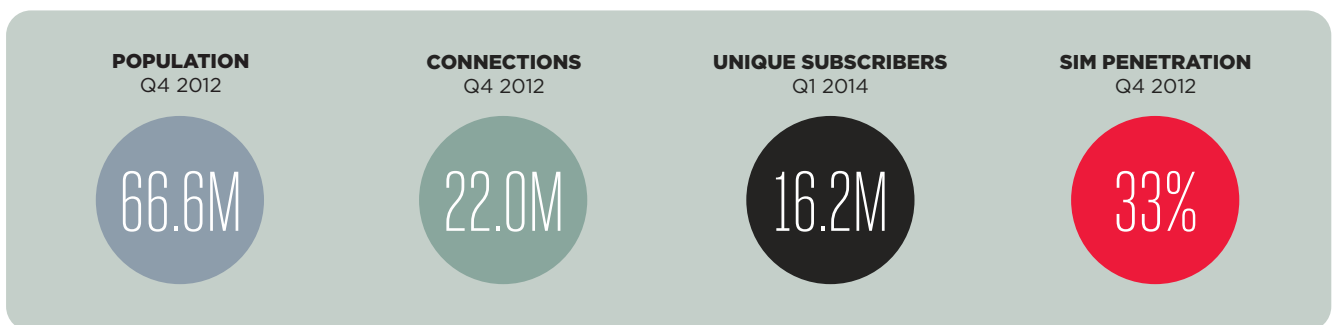
This case provides important lessons for regulators:

- Leadership and pragmatism are very important to make the policymaking process effective and achieve the pursued outcomes in a short timeframe.
- Engaging other government agencies and all relevant private sector players in the design phase of a regulation establishes a process of mutual learning that can have a very positive impact on policy outcomes.
- When a new regulation is developed, the regulator and participating stakeholders should project the impact of the regulation on market uptake and customer adoption of mobile money services.

Some of the policy and regulatory solutions to enable mobile money are off-the-shelf and have already been tested successfully in many countries where MNOs are providing sound and secure mobile money services.

- Regulators can greatly benefit from an iterative process based on what private sector providers learn on the ground post-launch.

FIGURE 1  
**DATA DASHBOARD OF THE MOBILE INDUSTRY<sup>1</sup>**



1. Sources: GSMA Intelligence, United Nations (World Population Prospects, 2010), World Bank (World Development Indicators, 2012).

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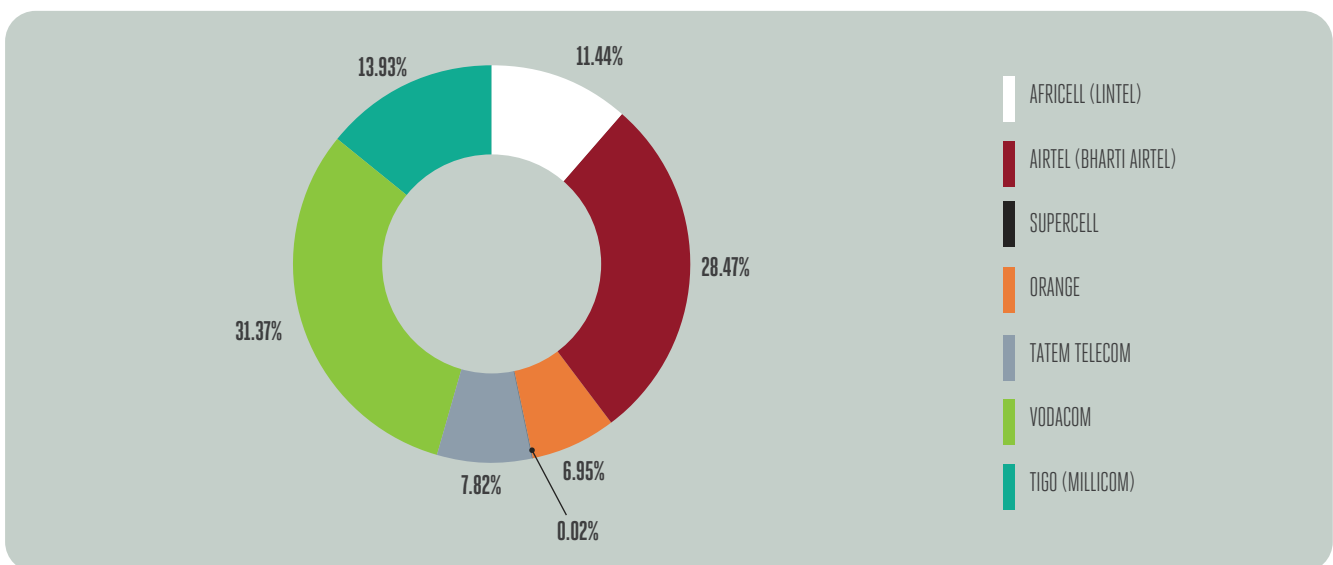
# Impact through leadership, pragmatism and an inclusive participatory process

**A**cross the DRC, the banking sector has very low penetration levels (less than 4%),<sup>2</sup> but the telecommunications infrastructure has developed at a much faster pace. Many factors have made it challenging to develop a solid and functioning financial sector, not least the exceptionally low population density (29.3/km<sup>2</sup>) in Sub-Saharan Africa's largest country (by area), and widespread public distrust of banks after many people lost their deposited savings during the national crises of the 1980s and 1990s.<sup>3</sup>

In this challenging environment, developing a financial sector through traditional banking infrastructure has had little impact. Mobile money, on the other hand, is seen as a promising way to expand access to financial services: the country has an estimated population of 66.6 million and 16.3 million subscribers. Mobile penetration is still relatively low (33%), but increasing, and the market is very competitive, with four MNOs out of seven – Bharti Airtel (formerly Zain/Celtel), France Telecom/Orange, Millicom (Tigo), and Vodacom Congo – counting more than 3 million subscribers (See figure 2).

FIGURE 2

**MOBILE MARKET SHARE** (16,2M UNIQUE MOBILE SUBSCRIBERS IN Q1 2014)



2. Global Findex (Global Financial Inclusion Database), [http://datbank.worldbank.org/Data/Views/VariableSelection/SelectVariables.aspx?source=1228#c\\_c](http://datbank.worldbank.org/Data/Views/VariableSelection/SelectVariables.aspx?source=1228#c_c)

3. This is one of the main findings of the consumer research undertaken in 2013 by the GSMA. See GSMA and InterMedia (2013), "Mobile Money in the Democratic Republic of Congo: Market insights on consumer needs and opportunities in payments and financial services." Available at: [http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/07/Mobile-Money-in-the-DRC\\_July-2013.pdf](http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2013/07/Mobile-Money-in-the-DRC_July-2013.pdf)

In December 2010 the Governor of the BCC, Jean-Claude Masangu Mulongo,<sup>4</sup> attended a workshop in Nairobi hosted by the GSMA and Citi<sup>5</sup> where he heard directly from the Kenyans and Tanzanians regulators about the take-off of mobile money in their countries and the enabling role that the central banks had played, and he could see M-PESA in action. At that time he realised the potential of the mobile to bridge the financial access gap in the DRC.

The financial inclusion rate in the DRC is very low, and building the payment and banking networks in a country with this extension and infrastructure gap is not feasible using the traditional brick-and-mortar approach. But, today, mobile technology gives us the opportunity to connect people and financial providers at a fraction of that cost. It is our duty to create an enabling regulatory framework for these new services, which will also help to de-dollarize the economy after years of economic and political instability. We must do it now.

**Jean-Claude Masangu Mulongo**  
Governor, Banque Centrale du Congo  
January 2011

The BCC, which has the mandate to administrate and oversee the payment systems in the country, didn't have the legal bases to license non-bank service providers like MNOs. To let them in the market, the regulator needed to create a new legal window. Governor Mulongo was key in driving the policymaking process through. To realise his vision, he established a Mobile Banking Task Force Committee (CMTF) in March 2011 to develop an action plan for an enabling mobile money regulatory environment.<sup>6</sup> The task force included all relevant representatives from the financial and telecommunications sector, including the Ministry of Finance, Ministry of Post, Telephones and Telecommunications, the Telecommunications Regulatory Authority, the Congolese Banking Association, MNOs, banks, and non-bank financial institutions, such as cooperatives and microfinance institutions (MFIs). The Governor gave the task-force 10 months to reach conclusions and present a new regulation.

Under the leadership of two central bank officers – Willy Mudiay Mpinga (Director, Financial Intermediaries Supervision Department, and President of the CMTF) and Valentine Claude Ramazani (Deputy Director, Financial Intermediaries Supervision Department, and Secretary of the CMTF) – and co-chaired by representatives of both MNOs and banks, the CMTF was not only responsible for determining how mobile money should be regulated, but also for projecting the impact of regulation on market uptake and customer adoption of mobile money services.

The task force met twice a month to design a legal framework for mobile money, and, with support from the GSMA and the Alliance for Financial Inclusion (AFI), some of its members visited Kenya and the Philippines (markets where mobile money services were already scaling up) and participated in technical workshops with regulators and providers from other countries to learn directly what policies others had implemented to enable digital financial inclusion. In little time they looked at other models and brought back the lessons they learned to the CMTF where they all participants contributed to assess the different regulatory and technology options and craft solutions that were suitable for the DRC. The visit to the Philippines was particularly important because the delegation could experience the model adopted by the Bangko Sentral ng Pilipinas to allow an MNO, Globe Telecom, to set up a subsidiary to provide its mobile money service G-Cash.

Only three months after its creation the CMTF members had already circulated for comments the first version of the draft regulation to local stakeholders and to the main development partners (AFI, CGAP, the Bill & Melinda Gates Foundation and the GSMA). How can I say that the CMFT circulated different versions one after the other? It was impressive how reactive they were to incorporate comments and redraft.

Creating a task force with all relevant stakeholders was really important because it helped us to assess different scenarios, to get a common understanding of the opportunities and challenges, and at the end to find the best solution for the benefit of the entire ecosystem. The central bank released one consistent set of rules across all players in the mobile money industry, and having set this rules with the collaboration of the providers made the process more transparent. More importantly, the regulation was agreed upon by all role players in advance, which makes it easier to enforce.

**Valentin Claude Ramazani**  
Secretary, Mobile Banking Task Force Committee  
Banque Centrale du Congo

4. Governor Mulongo retired in 2013. The current BCC Governor is Deogratias Mutombo Mwana Nyembo

5. "Mobile Money Policy Forum: Partnerships for Financial Inclusion in Africa," Nairobi, 1-2 December 2010, [http://www.citibank.com/transactionsservices/home/about\\_us/press\\_room/2010/2010\\_1202.jsp](http://www.citibank.com/transactionsservices/home/about_us/press_room/2010/2010_1202.jsp)

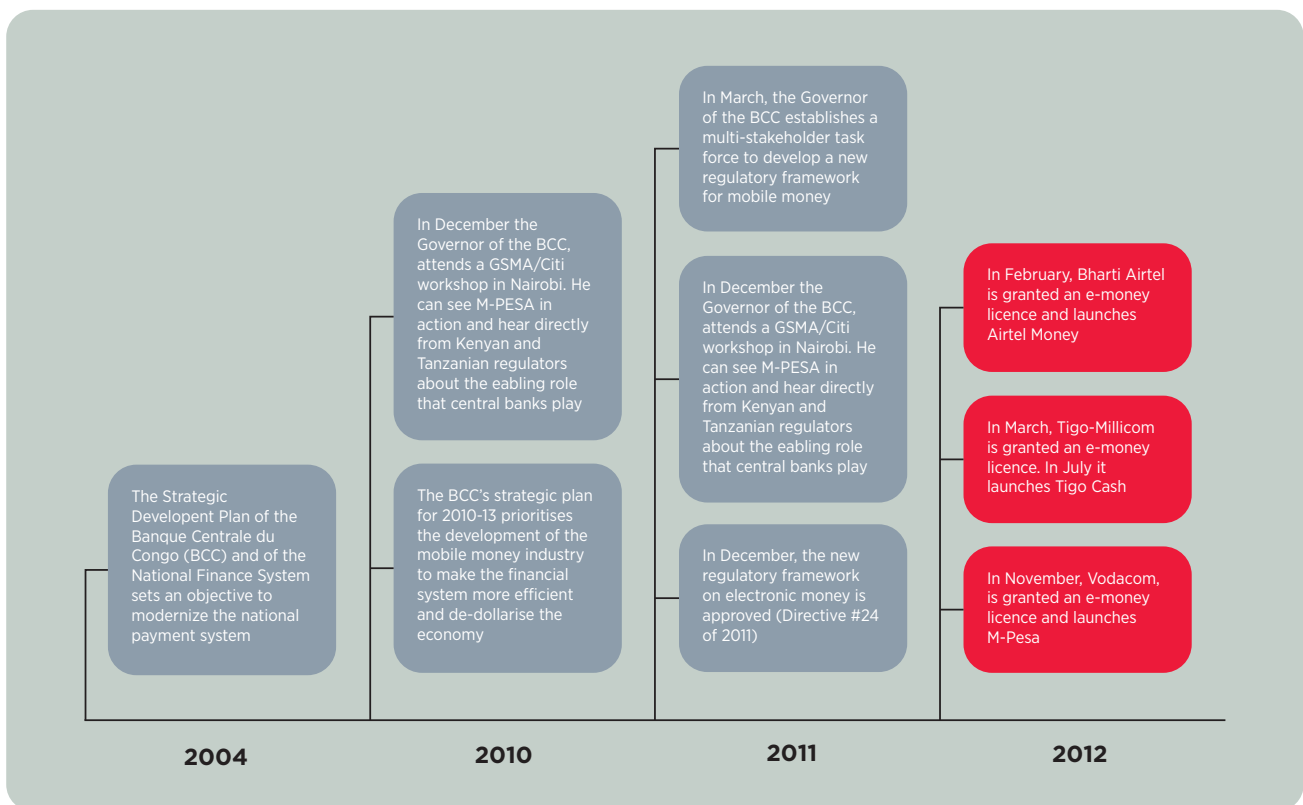
6. Banque Centrale du Congo, "Ordre de service n. 035/11 du 03 mars (2011) créant le Comité Mobile Banking Task Force (CMTF)."

The legal framework for mobile money was approved by the BCC in December 2011, only 10 months after the CMTF was convened. Within nine months of the new regulation being enacted, three providers (Barthi Airtel, Millicom-Tigo, and Vodacom) were granted a licence and launched mobile money deployments, and a fourth provider (Orange) is preparing to launch. This rapid uptake by operators is an exceptional achievement, and the high level of competition in the market is due (in no small part) to the fact that Congolese regulators promoted an inclusive engagement process that brought all stakeholders and providers together. Governor Mulongo has estimated that by 2014, mobile money will increase access to financial services for ordinary Congolese by 22%.

The leadership and pragmatism of the people that led this process, combined with the participation of all relevant stakeholders in the CMTF since its creation, has been pivotal to its success.

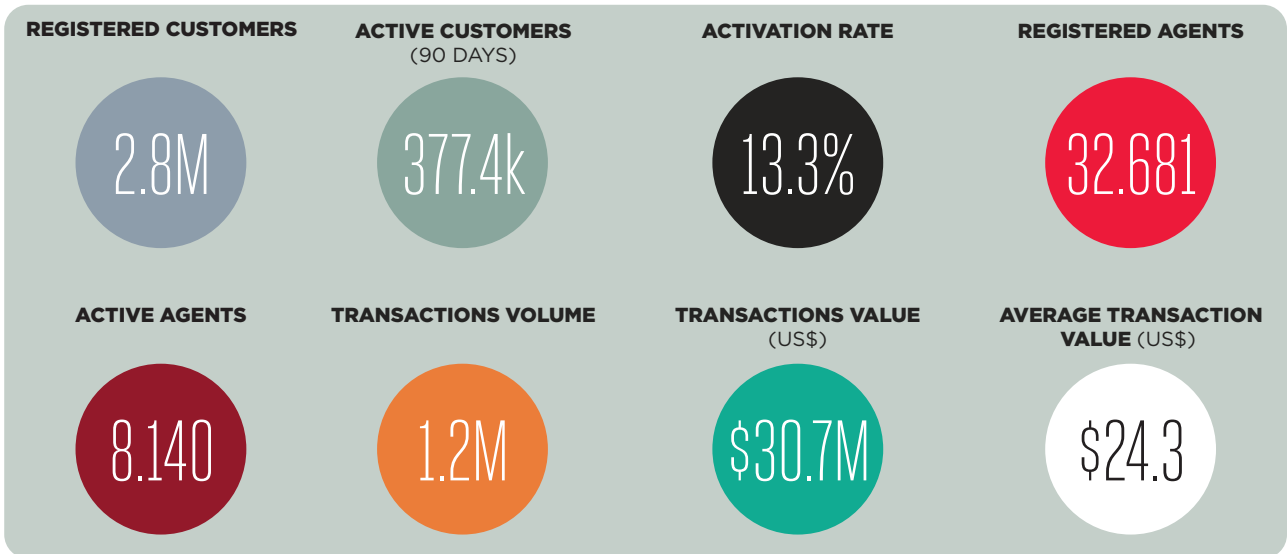
The Mobile Money Data Dashboard (see Figure 4) shows that the outcome of this process is a very competitive market where, in less than two years, three mobile money deployments have been able to register already 2.8 million customers with an activation rate of 13.3%. To have a point of reference, in Tanzania, which is today one of the biggest and fastest growing mobile money markets in the first two years the registration rate was slightly higher but activation was significantly lower<sup>7</sup>. Mobile money providers have built a distribution network of 32,681 agents of which 8,140 are active, and in December 2013 have facilitated 1.2 million transaction worth more than US\$ 30.7 million.

FIGURE 3  
**TIMELINE OF MOBILE MONEY DEVELOPMENT**

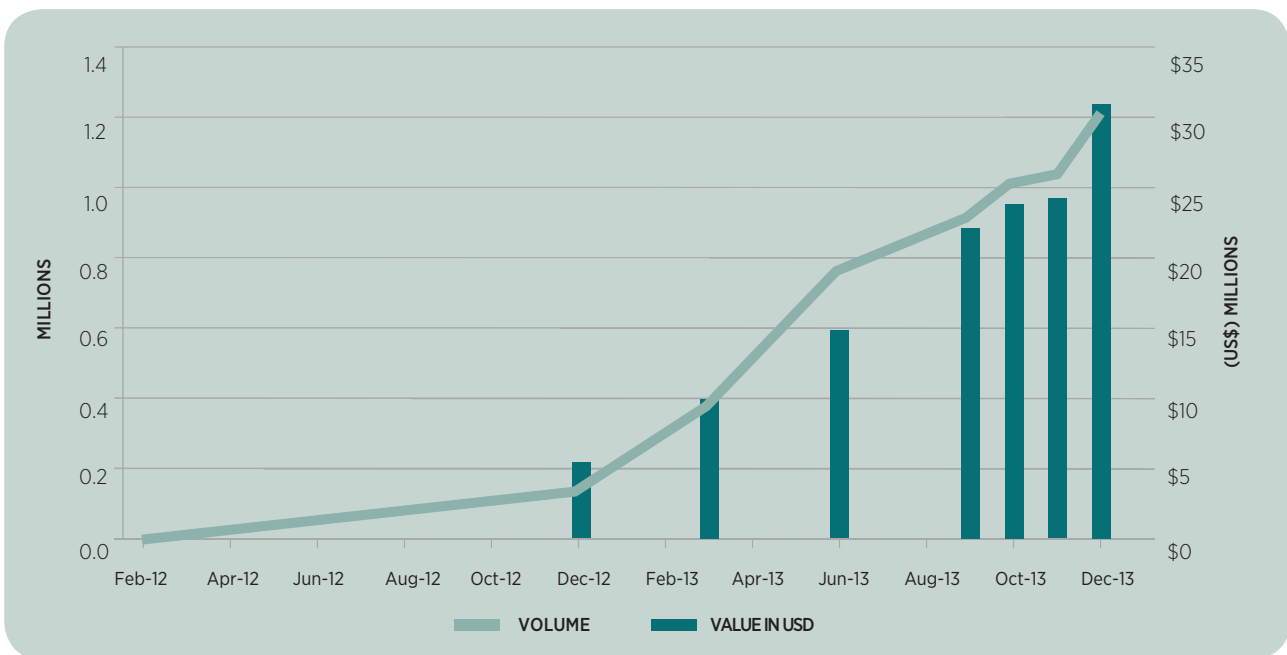


7. See Simone di Castri and Lara Gidvani (2014), Enabling Mobile Money Policies in Tanzania: A "test and learn" approach to enabling market led digital financial services", GSMA case study, available at <http://www.gsma.com/mobilefordevelopment/new-case-study-enabling-mobile-money-policies-in-tanzania>.

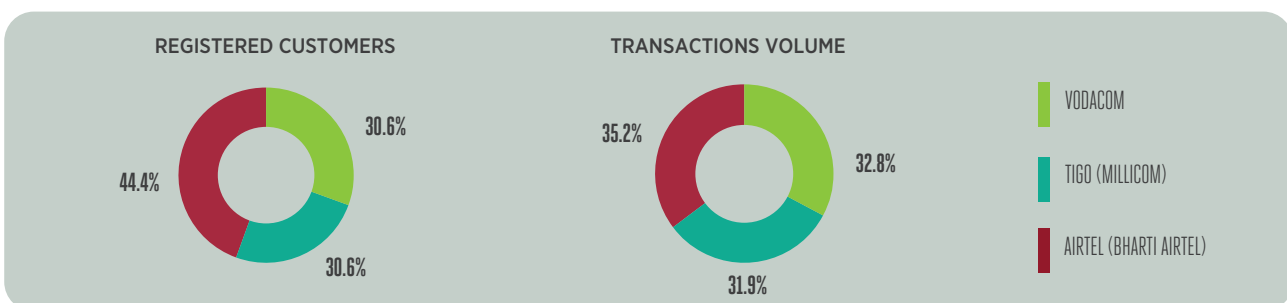
FIGURE 4  
**MOBILE MONEY DASHBOARD (DECEMBER 2013)<sup>8</sup>**



**TRANSACTIONS VOLUME AND VALUE**



**MARKET SHARE**



8. GSMA estimates based on data provided by the Banque Centrale du Congo.



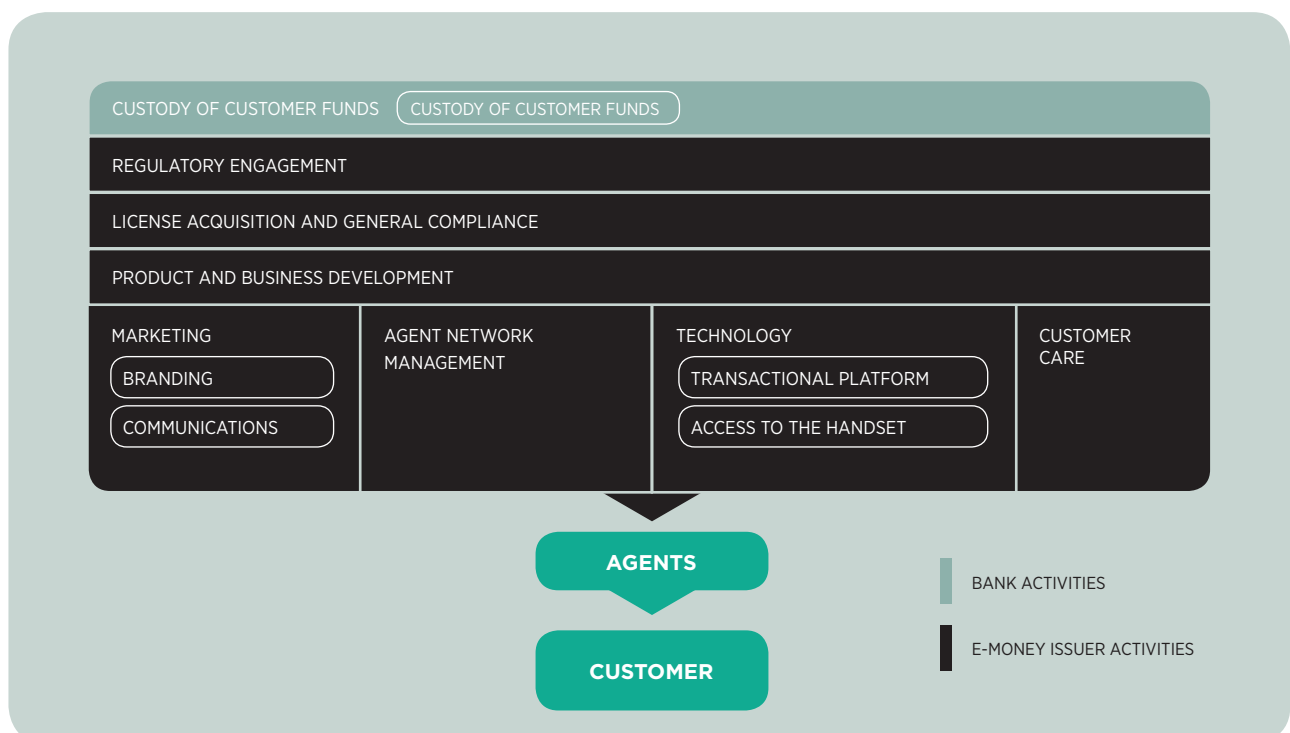
# Regulation of mobile money services

The Directive #24 of 2011 on e-money was a major milestone in both BCC’s financial inclusion strategy and its plan to modernise the national payment system. Recognising the potential of mobile money to bring financial services to the unbanked, BCC designed an enabling regulatory framework that issues non-bank entities a licence to provide mobile money services in alternative and transformational ways.

## Licensing

Financial institutions, such as banks and MFIs, as well as special legal entities called “electronic money institutions”, can be granted a licence to issue e-money. In order to become an e-money issuer, an MNO needs to establish a subsidiary that is incorporated as an electronic money institution, for which the minimum capital requirement is US\$ 2.5 million. Part of the licensing process involves verifying various details about the applicant’s organisation and the product it will be offering. The regulatory framework also outlines governance elements, such as eligibility requirements for mobile money managers.

FIGURE 5  
**BUSINESS MODEL REQUIRING A MOBILE NETWORK OPERATOR TO ESTABLISH A SUBSIDIARY FOR THE SPECIFIC PURPOSE OF PROVIDING MOBILE MONEY SERVICES**



## Ongoing market monitoring

E-money issuers are required to report to the central bank on a monthly basis for monitoring purposes. The central bank also hosts regular meetings with the providers, either jointly or separately, to get a better understanding of how the market is developing and how the regulation could be improved to set the right incentives and remove barriers that might harm the market and consumers. This open dialogue is extremely valuable for both the regulator and the private sector.

## Safeguarding customer funds

The value of e-money issued must be matched by equivalent funds held in a ring-fenced bank account that cannot be intermediated. If the BCC withdraws the licence from the e-money issuer, the restitution procedure, which issues customers funds equivalent to the e-float, is explicitly governed by the country's e-money regulation.

## Transaction limits and KYC procedures: a proportional risk-based approach

The maximum value that can be stored in a mobile money account is US\$ 3,000. There is a maximum daily transaction limit of US\$ 100 or US\$ 500 (depending on the account type) and a US\$ 2,500 monthly limit. Electronic or paper transaction records should be held for up to 10 years.

The DRC doesn't have a national identification system in place, so know-your-customer (KYC) procedures were developed based on a two-tier system for customer due diligence (CDD). Tier one account holders can transact up to US\$ 100 (or a maximum amount set by the operator below the legal limit of US\$ 500) without full due diligence. CDD is based on the Mobile Subscriber Integrated Services Digital Network Number (MSISDN) and information stored by the MNO during SIM registration. When the customer signs up for the entry level mobile money account he self-certifies his identity and the provider records the name and address of the person.

Full CDD is required to transfer up to the maximum legal limit of US\$ 500 per day. Customer identification documents, such as a passport, electoral card, or driving licence, must be physically verified and customers are required to complete an application form and attach a copy of their photo ID. Beneficiaries of salary payments can identify themselves through company ID.

TABLE 1

### TRANSACTION, MAXIMUM BALANCE LIMITS, AND REGISTRATION PROCEDURE FOR THE DIFFERENT ACCOUNT TYPES

	DAILY TRANSACTION LIMIT SET BY THE PROVIDER (USD)	MONTHLY LIMIT (USD)	MAXIMUM BALANCE (USD)	CUSTOMER DUE DILIGENCE
BASIC ACCOUNT	\$100 (Vodacom and Tigo) \$200 (Airtel)	\$2,500	\$3,000	Simplified KYC: Customers must self-certify their identity and their birth date and place. The verification of the MSISDN is also part of the CDD process. The information must match what was recorded at SIM card registration.
TIER TWO ACCOUNT	\$500	\$2,500	\$3,000	Full KYC: Customers must register in person, complete an application form, and provide a copy of their passport, electoral card, driving licence or student card.

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## Distribution and outsourcing of services

Under the new e-money regulation, service providers can share agents, but this is not mandatory. Providers can recruit anyone who has signed an agent contract and has a minimum of US\$ 100 to purchase the prepaid e-money float, and periodically provide its list of agents to the BCC. The central bank holds a “blacklist” of people who are not suitable to be mobile money agents, which it shares with the providers.

Mobile money providers are responsible for training agents on all compliance procedures, including anti-money laundering and countering the financing of terrorism (AML/CFT). They are also held to account for agents’ conduct on behalf of the provider. Each month, a list of agents in the distribution network is updated and sent to the BCC.

## Customer protection and assistance

The regulation lays out the following procedures for assisting customers:

- **Lost PIN or other issue:** If a mobile money customer has a problem, such as a lost PIN, she needs to go to the nearest agent.
- **Agent fraud:** If the customer suspects the agent of fraud, she can contact the call centre or go to the provider’s nearest shop, which will forward information to the head office to investigate the case and determine a possible refund.
- **Money transfer issues:** If money is sent to the wrong number, a cash reversal can be provided after the customer informs the provider’s customer service.
- **Customer call centre:** Some providers have a dedicated customer call centre for mobile money; others use the same call centre for airtime customers, but with specially trained staff to handle calls from mobile money customers. The most common reasons for a customer to contact the call centre are lost passwords/PINs, account enquiries, and cash reversal requests. Any abnormal transaction (in terms of number, value, or recurrence) that is suspected to be fraudulent is reported promptly to the central bank.

In its monthly report to the BCC, the provider must include information on the number and types of complaints it has received, the fraudulent or suspicious activities it has detected, and the disputed transactions it has handled.

# Challenges and outlook

**M**obile money is still a young industry in the DRC and needs to overcome major challenges related to weak infrastructure (electricity and roads), lack of a banking infrastructure to create master agents to manage the float, lack of a national identification system, low literacy level of most of the population, and the use of a dual currency. Providers are trying to identify cost-effective ways to address these challenges, such as engaging with local MFIs, designing alternative ways to verify customer identity, and promoting customer education campaigns.

Despite these challenges, the outlook for market growth is very positive. The country's large population, lack of alternatives to the mobile to expand the reach of the formal financial system, an enabling regulatory framework, improving telecommunications infrastructure (3G mobile licences were finally awarded in June 2012), and GDP growth of around 7%, all signal the enormous potential of mobile money.

Moreover, this highly competitive market includes some of the world's most prominent MNOs, which are able to make the right level of investment, apply lessons from other markets, and are committed to developing the industry in an appropriate and responsible direction.

For mobile money to reach scale and play a critical role in DRC's development, the regulator will need to continue to keep the market safe and sound while taking steps to create a progressive regulatory framework that balances consumer protection with increased access. The government can also play an important role by partnering with e-money providers to pay civil servant salaries digitally.<sup>9</sup>

## KYC and transaction limits for salary payments and remittances

The main area in which mobile money could evolve quickly is salary payments. There seems to be high demand for these services, although providers and the regulator need to work out the right services, addressing both operational and regulatory barriers. Particularly challenging is finding efficient ways to meet the cash-flow needs for these new services, designing new KYC procedures, and establishing adequate transaction limits.

A very good example of this is when all role players and the BCC got together and yet again discussed all details around the government salary payment model and processes to be followed. The outcome of this engagement led to a tri-party agreement between the MNOs, commercial banks, and the African Central Bank in the DRC to govern all processes, responsibilities, and the charging model to be adopted by all role players, once again creating a consistent pre-approved framework for all parties involved.

**Martin Siebrits**  
Executive Head of Mobile Money  
Vodacom Congo

9. In May 2013 the government partnered with Airtel to pay the salaries to about 100,000 civil servants via Airtel Money. In the fall the project was scaled down due to some operational challenges.

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## Interoperability

At this stage, BCC regards e-money as a fledgling market and is extremely cautious about openly encouraging mobile money platforms to interconnect. BCC's reticence comes from dialogue with e-money providers and assessments of developments in countries such as Pakistan (where the central bank and private sector are working together to develop a road map for an interoperable environment that would add value to customers and make commercial sense for the providers) and Ghana (where interoperability was imposed on providers at an early stage of market development, with high implementation costs and without achieving the desired outcomes). The central bank has concluded that mandating interoperability at an early stage is likely to jeopardise market development across the DRC. Currently, e-money can be sent from any mobile money account to any mobile customer, even if that customer is not in the same provider's network.

## Customer confidence and education

All mobile money providers, as well as policymakers, agree that the biggest challenge of driving customer adoption is raising awareness of the advantages of mobile money and how to use the services most effectively.

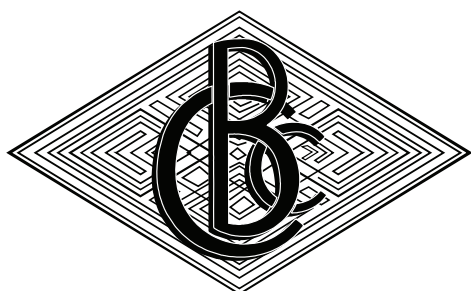
In the end, it will all depend on customer trust and how much all players, including the central bank, will be available to invest in educating customers. If this is done well, there could be an impressive growth of the mobile money market.

**Mireille Kabamba Mwika**  
Director of Mobile Money  
Airtel DRC

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# Annex 1

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## **Directive #24** RELATING TO THE ISSUANCE OF ELECTRONIC MONEY AND ELECTRONIC MONEY INSTITUTIONS

### **THE CENTRAL BANK OF CONGO:**

- with regard to Act 005/2002 dated May 7, 2002 relating to the Establishment, Organisation and Operation of the Central Bank of Congo;
- with regard to Act 005/2002 dated February 2, 2002 relating to the Activity and Supervision of Financial Institutions;
- With regard to Directive #14 to Banks as revised to date; and
- with regard to Directives #15, 17, 18, 19, 21, 22, and 23 to Financial Institutions; establishes the following provisions relating to the issuance of electronic money and electronic money institutions.

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# Title I: GENERAL PROVISIONS

## CHAPTER I: DEFINITIONS

### Article 1

For the purpose of this Directive:

- 1 **Acceptor:** refers to any retailer or service provider who has entered into an agreement with an electronic money issuer in order to receive electronic money payments from this issuer.
- 2 **Agents:** refers to the persons hired by an electronic money issuer or an electronic money distributor establishing a distribution network, who, within the limits of the agreement binding them, performs transactions related to the distribution of electronic money.
- 3 **Central Bank:** refers to the Central Bank of Congo.
- 4 **Electronic Money:** refers to any monetary value representing a liability for the issuer, which is:
  - stored on an electronic device, including any magnetic device;
  - issued on receipt of funds of an amount equal to the monetary value issued; and
  - accepted as a means of payment by a legal entity or an individual other than the issuer.
- 5 **Electronic Money Distributor:** refers to a legal entity which, in executing an agreement entered into with an electronic money issuer, provides electronic money loading, reloading, and collection services.
- 6 **Electronic Money Institution:** refers to a legal entity included in the financial company category, as defined in Articles 2 and 3 of Act 003/2002 dated February 2, 2002 relating to the activity and supervision of Credit Institutions, which, in accordance with this Directive, which has obtained, in conformity with this Directive, a licence authorising said entity to issue means of payment in electronic money and is liable for the debt incorporated in the electronic payment instrument. The activities of such an entity are limited to:
  - issuing electronic money;
  - making electronic money available to the public; and
  - managing electronic money.
- 7 **Electronic Money Issuer:** refers to the institutions referred to in Article 3 that are authorised to perform electronic money issuance activities and are liable for the debt incorporated in the electronic payment instrument.
- 8 **Electronic Money Reimbursement:** refers to the conversion of electronic money into value stored in a deposit account or into cash at par value upon the holder's request.
- 9 **Holder:** means the person who, pursuant to an agreement entered into with an issuer, holds electronic money on his/her behalf.
- 10 **Prudential Rules:** refers to all rules relating to the prudential supervision of legal entities that are authorised to issue electronic money as part of their regular business.

## CHAPTER II: PURPOSE AND SCOPE

### Article 2:

This Directive sets forth the access and operating requirements for the issuance of electronic money by regulated institutions as listed in Article 3 below.

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**Article 3:**

This Directive applies to:

authorised Credit Institutions as referred to in Articles 2 and 3 of Act 003/2002 dated February 2, 2002 relating to the activity and supervision of Credit Institutions, to organisations referred to in Article 4 of the aforementioned Act, and to Microfinance Institutions authorised by the Central Bank to issue electronic money; and

Electronic money institutions as defined in Article 1, Point 5, of this Directive.

**Article 4:**

This Directive does not apply to:

- the monetary value stored on specific prepaid instruments designed to meet specific needs, which have limited use either because the electronic money holder can only purchase goods or services at the premises of the issuer or within a network of service providers contractually bound to a professional issuer, or because they can only be used to purchase a limited range of goods or services. Any exemption from this provision shall cease when the instrument of limited application becomes an instrument of general application; or
- the monetary value used for the purchase of digital goods or services to which an operator assigns added value, provided that said goods or services can only be used with a digital device and that the operator of the digital or computer telecommunications system does not act solely as an intermediary between the payment service user and the provider of the goods and services.

## **Title II: ACCESS AND OPERATING REQUIREMENTS FOR ELECTRONIC MONEY ISSUANCE ACTIVITIES**

### **CHAPTER I: ACCESS REQUIREMENTS**

**Article 5:**

Prior to performing any electronic money activity, electronic money institutions, as defined in this Directive, must be approved by the Central Bank.

To this end, they must provide three (3) copies of the following documents, which are required to evaluate their application:

- Written application letter signed by the institution representative, duly authorised, to the attention of the Governor of the Central Bank;
- Documents establishing the capacity and powers of legal representatives;
- Information sheet about the main shareholders, officers, and partners of the Institution (template attached);
- Decision of the Board of Directors or management decision by the majority interest partner, authorising the activity of electronic money;
- Articles of incorporation of the applicant and evidence that the organisation has the initial capital required in Article 6;
- Identity of the persons holding, directly or indirectly, an interest in the capital, the size of such interest, evidence of their quality, and annual financial statements for the last three (3) fiscal years for legal entities, certified by an authorised independent auditor, shareholders, and partners;
- Identity of administrators and officers in charge of managing the issuance and distribution of electronic money;



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- Details of the electronic money activity in a business plan that includes:
    - Projected activity, establishment, and organisation;
    - Details of the technical, material, and financial resources that are expected to be implemented for performing such activity; and
    - Projected financial statements and prudential standard compliance for at least three (3) years;
  - Copy of the agreements and protocols entered into with technical or financial partners relating to the issuance of electronic money;
  - Copy of the various draft agreements to be entered into with the various parties, in particular with electronic money distributors, acceptors, holders, or subscribers;
  - Details of the product, including:
    - the target audience and the scope of availability and usage of the product;
    - the features of each type of electronic instrument selected;
    - the loading method of the electronic instrument;
    - the maximum transaction amount at Acceptors;
    - the duration of the electronic instrument validity; and
    - the transaction cost and pricing;
  - Details of the technical architecture, including:
    - planned hardware and software architecture;
    - a note on the internal control mechanism implemented; and
    - safety and network architecture;
  - Summary of procedures for:
    - ensuring the safety and availability of the system;
    - managing and administering the relationships with Distributors and Holders;
    - managing payment defaults; and
    - managing the loss of electronic money instruments.

The Central Bank may require any additional information deemed necessary to review the approval request.

**Article 6:**

Electronic money institutions shall have paid-up share capital in cash (Congolesse francs (CDF) equivalent to US\$2,500,000 (two million five hundred thousand US dollars).

**Article 7:**

Day-to-day management of an electronic money Institution shall be entrusted to at least two individuals demonstrating the character, skills, and professional experience required to act in this capacity.

**Article 8:**

Without prejudice to any legal provision relating to commercial companies, no one shall, directly or indirectly:

- offer to the public the establishment of an electronic money institution
  - administer, lead, or manage an electronic money institution
-

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if such person:

1. has been convicted of an offence under this Law or foreign exchange regulations;
2. has been declared bankrupt and has not been rehabilitated, even when the bankruptcy took place in another country;
3. has been convicted in the Democratic Republic of Congo or elsewhere of being the author or accomplice or attempting one of the following offences:
  - counterfeiting
  - forgery or falsification of any bank notes, public notes, stocks, bonds, or interest vouchers;
  - forgery or falsification of any seals, stamps, punches, or marks;
  - fraud and forgery of documents;
  - corruption of public officials or peculation;
  - theft, extortion, embezzlement or breach of trust, fraud, or possession of stolen goods;
  - bankruptcy or illicit circulation of bills of exchange;
  - issuance of cheques with insufficient funds; or
  - money laundering and financing terrorism;
4. has been convicted of a common law crime or an offence the Law deems to constitute one of the aforementioned offences;
5. has been involved in the administration, direction, or management of a Credit Institution that was ordered to be liquidated or declared bankrupt.

When the decision justifying any prohibition listed in this Article is subsequently reported or cancelled in last recourse, the said prohibition shall cease automatically.

**Article 9:**

Approval is granted by a decision of the Central Bank within ninety (90) days of the day it receives the completed application, or, where applicable, any additional information.

The approval is documented by adding the institution to the list of Electronic Money Institutions maintained by the Central Bank.

**Article 10:**

Any institution that is not approved by the Central Bank shall not perform electronic money issuance activities.

No one shall, as part of their usual activity, engage in the business of issuing electronic money under the title “electronic money institution” or any other similar title or any equivalent in another language if such person does not meet the requirements set out in Title II, Chapter 1 under Access Requirements.

**Article 11:**

The aforementioned provisions in Chapter 1 related to access requirements shall apply solely to electronic money institutions as defined in Article 1, Point 5 of this Directive.

**Article 12:**

The issuance of electronic money by the Institutions designated in Article 3, paragraph 1 of this Directive is subject to prior authorisation by the Central Bank.

Electronic money distributors are not subject to the authorisation procedure, but to the information procedure instead, in accordance with the requirements set forth by the Central Bank.

Any person subjected to this Directive shall comply at all times with the prior authorisation and approval requirements.

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**Article 13:**

Approval may be withdrawn from electronic money institutions in accordance with Articles 22, 23, and 77 of Act 003/2002 dated February 2, 2002 relating to the Activity and Supervision of Financial Institutions.

**CHAPTER II: PRUDENTIAL REGIME OF ELECTRONIC MONEY INSTITUTIONS****Article 14:**

Business activities of electronic money institutions are limited to the delivery of services related to the issuance, management, and delivery of electronic money, and to the storage of data on electronic media on behalf of other legal entities.

**Article 15:**

Electronic money institutions shall notify the Central Bank in advance of any significant change affecting the measures taken to protect the funds received in exchange of electronic money issued.

**Article 16:**

The ownership equity of electronic money institutions shall remain at least equal to the highest of the following:

- Daily amount of financial liabilities corresponding to issued electronic money;
- Simple average of daily amounts for the preceding six (6) months of the total liability amount corresponding to the issued electronic money; or
- Amount of paid-in share capital.

**Article 17:**

The value of electronic money incorporated into any instrument issued by Electronic Money Issuing Institutions shall not exceed, at any time, the equivalent of US\$3,000 (three thousand US dollars), except when expressly authorised by the Central Bank.

The maximum daily payment amount shall not exceed US\$500 (five hundred US dollars) and the maximum monthly payment amount shall not exceed US\$2,500 (two thousand and five hundred US dollars).

**Article 18:**

Electronic money institutions are not authorised to receive deposits from the public according to Article 6 of the Banking Act.

Any funds that are received by electronic money issuers shall not constitute a deposit or other repayable funds according to Article 6 of the Banking Act, if they are immediately exchanged for electronic money.

They shall not bear interest or any other benefit for the period of time during which the Holder holds the electronic money.

The funds received in exchange of the issuance of electronic money are the sole surety of the holders. They are subject to the regime of paper money and may, wherever they are, be sequestered, seized, or otherwise in order to withdraw them from such surety.

**Article 19:**

Electronic money institutions are not authorised to grant loans based on funds received or held for the purpose of issuing or distributing electronic money.

**Article 20:**

The liabilities of electronic money institutions corresponding to the electronic money shall be fully covered by liquid assets.

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## CHAPTER III: REDEEMABILITY OF ELECTRONIC MONEY

### Article 21:

Electronic money institutions shall issue electronic money at nominal value in exchange for the deposit of funds. Any electronic money holder may, during the validity period of the electronic instrument, demand the reimbursement of the electronic money at nominal value from the issuer, in accordance with the terms of the agreement binding them.

The agreement signed between the issuer and the holder shall clearly establish the redemption terms of unused electronic money, including any related potential fees, to be notified to the electronic money holder prior to being bound by a contract or an offer.

### Article 22:

Within three (3) months of being notified of the withdrawal of its approval by the Central Bank in cases provided for by the Banking Act, the electronic money issuer is required to reimburse, at no cost to any electronic money holder, any unused electronic money held by the holder. The institution shall inform holders of the withdrawal of its licence using methods appropriate to its customers.

At the end of this period, the Issuing Institution must transfer any unclaimed funds received in exchange of electronic money and intended for unreimbursed Holders and communicated by the issuer, to the Central Bank.

### Article 23:

Expected reimbursements shall be made in cash, by cheque, or money transfer to an account, as requested by the Holder.

### Article 24:

The reimbursement can only be subject to fees if the agreement provides for such fees in accordance with Article 21, provided that at least one of the following conditions applies:

- The reimbursement is requested prior to the termination of the agreement;
- The reimbursement is requested more than six (6) months after the agreement termination date; or
- The electronic money holder terminated the agreement prior to its expiration date.

The fee amount shall be proportionate and in relation to the actual costs incurred by the electronic money issuer.

## CHAPTER IV: INTERNAL CONTROLS AND AML/CFT

### Article 25:

Electronic money can only be incorporated in instruments that allow the Holder to be identified.

### Article 26:

Electronic money institutions shall ensure that electronic money cash-ins and cash-outs can be traced for ten (10) years, and keep such records on hand for the Central Bank as needed. They must ensure that they have sufficient means to trace transactions in the event of a safety breach of all or part of their information system.

When the electronic media includes at least two (2) applications (including banking-type applications for top-ups, online payments, or money transfers) and allows the electronic money holder to make separate transactions, the Issuer shall ensure that all transactions can be traced.

Electronic money distributors shall provide any necessary assistance to the Issuing Institutions to ensure such traceability.

### Article 27:

Electronic money issuers shall implement an automated monitoring system of unusual transactions made with electronic money. The issuing institution shall make arrangements to ensure that distributors and other agents apply specified safety and due diligence standards.

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**Article 28:**

Electronic money institutions shall be managed in a sound and prudent manner. To this end, they shall in particular have accounting, administrative, and financial procedure manuals and appropriate internal control procedures.

The management and procedures implemented must allow them to assess and monitor the financial and non-financial risks they are exposed to, including technical risks and risks related to activities performed in cooperation with any other businesses that perform operational or other accessory functions related to their activities.

Procedure manuals must detail the steps to be taken when anomalies are identified with respect to the prevention of money laundering and financing of terrorism, based on each institution's knowledge of their clients.

These anomalies, pursuant to the above paragraph, shall be reported to the Cellule Nationale des Renseignements Financiers/National Financial Intelligence Unit (CENAREF) referred to in Articles 17 et seq. of the Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) Act.

**CHAPTER V: PERIODIC REPORTING OBLIGATIONS****Article 29:**

Electronic money issuers shall provide a report of their activities to the Central Bank on a monthly basis. This report shall be signed by at least two (2) persons with the power to validly bind the institution.

**Article 30:**

The periodic report shall specifically include:

- Monthly maximum amounts of the limits set by the Central Bank;
- Monthly total of the financial liabilities related to the electronic money issued and their distribution by city and distributor;
- Number of cases observed where these limits were exceeded during the month;
- Action taken, if any, by the Institution to suspend the issuance or distribution of electronic money in the event of the aforementioned limits being exceeded;
- Arrangements to deliver to clients the agreement governing the issuance or distribution of electronic money, and those made in order to ensure compliance with defined redemption terms and conditions;
- Number of redemption requests received and the total value of reimbursements made during the month;
- Amount of maximum storage capacity limits and action taken by the institution to ensure compliance with such limits;
- Sufficiently detailed information regarding the results of the aforementioned measures; and
- Number of client complaints.

**Article 31:**

As part of the prevention of money laundering and financing of terrorism, the periodic report shall specifically include:

- Action taken by the Institution to comply with the legal and regulatory framework related to AML/CFT;
- Detailed summary of the nature, number, and amount of suspicious transactions that were identified;
- The reasons for the transmission of the suspicious transactions to the AML/CFT Officer; and
- Action taken, including the transmission to the CENAREF.

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## **Title III: ISSUANCE AND DISTRIBUTION REGIME OF ELECTRONIC MONEY AND THE AGENTS**

### **Article 32:**

Electronic money issuers may distribute or redeem electronic money through legal entities or individuals. They may hire one or more agents to perform, on their behalf and within the limits of their approval and authorisation, electronic money activities, provided any related requirements set out by the Central Bank are met.

### **Article 33:**

The agreements signed between Electronic money issuers and other parties shall contain the list of entities that are part of the network and the elements facilitating the identification and recognition of distributor or agents, including brand, logo, window sticker, company name, or business name.

The electronic money issuers shall maintain the list of entities that are part of its network. This updated list must be submitted to the Central Bank on a monthly basis.

### **Article 34:**

Electronic money issuers shall submit to the Central Bank information about the agents they employ.

The same agent may be given mandates by several electronic money issuers.

### **Article 35:**

Electronic money issuers will remain liable to third parties for all actions of any agent they have mandated to deliver financial services in accordance with the agreement between the issuer/distributor and the agent.

Electronic money issuers must ensure that their agents comply with their internal controls, including AML/CFT controls.

## **Title IV: PENALTIES**

### **Article 36:**

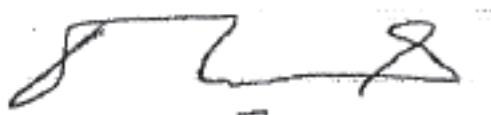
Any violation of the provisions of this Directive will result in the application of penalties in accordance with Articles 77 et seq. of Act 003/2002 dated February 2, 2002 relating to the Activity and Supervision of Financial Institutions.

## **Title V: FINAL PROVISIONS**

### **Article 37:**

This Directive shall take effect as of the date of its signing.

Signed in Kinshasa, on the 11 December 2011



**J-C. MASANGU MULONGO**  
Governor, Central Bank of Congo















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