



**BANK OF MAURITIUS**

**Guideline on Agent Banking**

**May 2014**

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## **INTRODUCTION**

The Guideline on Agent Banking sets out the framework and minimum criteria to be observed by a bank when contracting the services of an entity to provide its services on its behalf or entering into any agency agreement for that purpose.

### **Objective**

The objectives of this guideline are to:

- (i) provide minimum standards and requirements for agent banking operations;
- (ii) enhance financial inclusion; and
- (iii) provide for agent banking as a delivery channel for offering banking services in a cost effective manner.

### **Authority**

This guideline is issued under the authority of Section 50 of the Bank of Mauritius Act 2004 and Section 100 of the Banking Act 2004, and in accordance with Section 7(7B) of the Banking Act 2004. If a bank or its Agent fails to comply with this Guideline, the Bank may take action, as appropriate, against the bank or its Agent.

### **Scope of Application**

This guideline applies to all banks and their Agent(s) duly appointed under the Banking Act 2004.

### **Effective Date**

This guideline shall come into effect on 30 May 2014.

### **Interpretation**

In this guideline:

“Act” means the Banking Act 2004.

“Agent” means a body corporate, other than a licensee of the Bank, which has been appointed by a bank to provide agent banking services on behalf of the bank in the manner specified in this Guideline.

“Agent banking services” refers to the services listed in paragraph 18 and which may be provided by an Agent on behalf of a bank.

“applicant” refers to a bank which has submitted an application under paragraph 3 of this Guideline.

“application” refers to an application submitted under paragraph 3 of this Guideline.

“Bank” means the Bank of Mauritius established under section 3 of the Bank of Mauritius Act 2004.

“bank” has the same meaning as in the Banking Act 2004.

“Real time” means the electronic processing of transactional data instantaneously upon data entry or receipt of a command.

## **SECTION 1 – STATUTORY REQUIREMENT**

1. In terms of section 7(7A) of the Act, a bank may contract the services of an entity to provide its services on its behalf or enter into any agency agreement for that purpose –
  - a. with the prior written approval of the Bank; and
  - b. upon payment of the appropriate non-refundable processing fee and annual licence fee, prescribed by the Bank, with the approval of the Minister of Finance.
2. As per section 7(7B) of the Act, the approval granted under section 7(7A)(a) shall be subject to such terms and conditions as the Bank may impose.

## **SECTION 2 – APPLICATION PROCESS**

3. Every bank seeking to contract the services of an Agent shall submit to the Bank an application in such form and medium as the Bank may determine.
4. The Bank may, within thirty (30) days of receipt of an application, request the applicant to provide it with such additional information as it may require for the purposes of determining the application.
5. The Bank may within forty-five (45) days from the date of receipt of the application and submission of all requested information and documents, either decline the application or approve the application with or without conditions.
6. The Bank shall notify the applicant of its decision to decline or approve the application, in writing within 7 days of reaching its decision.
7. Where the Bank approves an application, it shall, after payment of the appropriate annual licence fee, issue the applicant with an approval letter permitting the approved Agent to provide, on behalf of the bank, banking services as specified in the approval letter.
8. The Bank shall issue the applicant with a certificate authorising the Agent to act on its behalf.
9. A bank which is granted an approval under section 7(7A) of the Act shall ensure that the Agent opens for business not later than ninety (90) days or such period as determined by the Bank, from the date of approval. The bank shall notify the Bank of the opening of the Agent within fourteen (14) days from the date of opening.
10. Every Agent shall, at all times, display in a conspicuous place in the public part of its place(s) of business, an authenticated copy of the certificate issued under paragraph 8.

### **SECTION 3 - CONFIDENTIALITY**

11. Where a bank appoints an Agent, it shall take appropriate measures to ensure that the Agent protects the confidentiality of customer information and it shall expressly prohibit its Agent from disclosing confidential customer information to any third-party except for regulatory purposes.
12. A bank shall notify its customers of the type of data that may be transmitted to its Agent as part of its contractual arrangement with the customers.
13. A bank shall comply with all relevant provisions of section 64 of the Act when entering into agency agreement with an Agent.
14. A bank shall report to the Bank immediately on any unauthorised access or breach of confidentiality and security, directly or indirectly, by the Agent and the action/s it proposes to take in consequence.

### **SECTION 4 - AGENT BANKING SERVICES**

15. Agent banking services must be provided from fixed locations, duly approved by the Bank.
16. A bank shall seek the prior approval of the Bank for the hours during which its Agent shall remain open to the public for the provision of agent banking services.
17. A bank may contract the services of an Agent to conduct solely agent banking services on its behalf.
18. The following services may be provided by the Agent on behalf of a bank:
  - (i) Accepting cash or cheques deposits up to an amount to be determined by the bank for account of its customers. This amount is subject to the prior approval of the Bank;
  - (ii) Effecting payments in cash up to an amount to be determined by the bank to its customers. This amount is subject to the prior approval of the Bank;
  - (iii) Balance and account inquiry;
  - (iv) Request collection of cheque books;
  - (v) Request collection of bank statements;
  - (vi) Collection and processing of documents in relation to account opening, application for credit facilities, application for the issue of credit and debit cards; and
  - (vii) Any other services as may be approved by the Bank.

19. An Agent shall not provide the following services on behalf of banks:
- (i) Opening of bank accounts and issuance of bank cards/ cheques;
  - (ii) Conducting money-changing activities; and
  - (iii) Encashment of cheques.

#### **SECTION 5 – ASSESSMENT OF AGENT**

20. A bank shall, before seeking the Bank's approval for contracting the services of an entity as an Agent, vet and satisfy itself as to the suitability of the proposed entity and shall ensure that:
- (i) Due diligence criteria are applied in the selection of Agent and effective risk mitigation strategies are identified such that it is in a position to discharge its responsibilities in a competent, honest and correct manner in the best interests of the bank;
  - (ii) The proposed Agent has an existing well established commercial activity which has been operational for at least 24 months immediately preceding the date of the suitability assessment;
  - (iii) The shareholders, directors and staff of the proposed Agent are fit and proper; and
  - (iv) The proposed Agent possesses appropriate physical infrastructure and human resources to be able to provide the services with the necessary degree of efficiency and security.

#### **SECTION 6 – KEY ROLES AND RESPONSIBILITIES OF BANKS**

21. The board of directors of the bank shall be responsible for ensuring that there are appropriate policies, procedures and guidelines with respect to the appointment and operation of an Agent.
22. The bank shall be wholly responsible and liable for all actions or omissions of its Agent and this responsibility shall be extended to actions of the Agent even if not authorised in the contract so long as they relate to agent banking services or matters connected therewith.
23. The bank shall from time to time perform on-site visits at the Agent's premises to ascertain that the services provided by the Agent on its behalf are up to the expected standard.
24. The bank shall pay special attention to operational risk, legal risk, reputational risk, amongst others, to which the Agent may be exposed and ensure that the Agent complies with the Guidance Notes on Anti-Money Laundering and Combating the Financing of Terrorism issued by the Bank as well as all laws relating to anti-money laundering and

combating the financing of terrorism. The bank shall ensure that risks are properly identified, documented and mitigated.

25. The bank shall be responsible for ensuring that the Agent complies with all legal and regulatory requirements.
26. The bank shall ensure that the Agent maintains an effective system of internal control and the bank shall have proper oversight of the Agent's activities and/or functions.
27. The bank shall ensure that adequate reports on the Agent's operations are made to it.
28. The bank shall provide its Agent with such operation manuals and risk management policies and procedure manuals as shall be needed to ensure proper delivery of agent services to customers.
29. The bank shall ensure that the Agent has appropriate physical infrastructure and is adequately staffed to offer agent banking services.
30. The bank shall ensure that business contingency and continuity plans are in place to manage and mitigate any significant disruption or discontinuity in the services provided by an Agent.
31. The bank shall ensure that customer complaints related to services offered by an Agent are attended to by its Complaints Desk.
32. The bank shall ensure that Agent do not charge customers any fee for services provided by it except those which are directly payable to the bank as per its schedule of Fees, Charges and Commission.
33. The bank's internal and external auditor shall review and attest the adequacy of the Agent's processes put in place for the conduct of the agency banking business. They should immediately inform the Bank of any material weaknesses or irregularities that, in their opinion, might affect the well-being of the bank or have additional operational risk implications. The external auditor should annually provide a certificate to the Bank to attest that the bank has complied with all the provisions of this Guideline.
34. The bank shall inform the Bank immediately, of any adverse development or change arising from any agency agreement that could significantly affect its business.
35. Every bank shall sensitise its Agent on the provisions of this Guideline and the obligation to comply with its requirements and shall train its Agent on Anti-Money Laundering and Combating of Financing of Terrorism requirements.

#### **SECTION 7 – AGENCY AGREEMENT**

36. No contract between a bank and an Agent shall contain any exclusivity clause.
37. An Agent may provide agent banking services to multiple banks provided that:



- (a) the Agent has separate contracts for the provision of such services with each bank;
  - (b) the Agent has the capacity to manage the transactions for the different banks;
  - (c) the bank seeking to appoint an Agent has assessed and is satisfied as to the capacity of the Agent to manage transactions for different banks;
  - (d) appropriate internal control systems to, *inter alia*, protect the confidentiality of customer information of each bank are in place; and
  - (e) appropriate steps are taken to ensure that information of a customer of one bank is not disclosed to another bank.
38. The Agent shall not engage in anti-competitive practices.
39. An agency agreement shall, at minimum:
- (a) define the rights, expectations and responsibilities of both parties;
  - (b) set the fees or revenue sharing structure, and the scope of work to be performed by the Agent;
  - (c) allow for on-site visits and unhindered inspections of the Agent premises and agent banking services by the bank and the Bank;
  - (d) state that the Agent shall not perform management functions, make management decisions, or act or appear to act in a capacity equivalent to that of a member of management or an employee of the bank;
  - (e) specify that all relevant records, data and documents or files are shifted to the bank at regular pre-specified intervals which will then ensure safekeeping for at least seven years;
  - (f) state that all information/data that the Agent collects in relation to agent banking services, whether from the customers or the bank or from other sources, is the property of the bank;
  - (g) contain a clause that would address the bank's and the Agent's responsibility for confidentiality and security and expressly prohibit the bank and the Agent from disclosing confidential customer information to any other party except for regulatory purposes;
  - (h) specify that the Agent and its employees are bound to maintain the confidentiality of all customer transactions they engage in or facilitate;
  - (i) establish a protocol for changing the terms of the agency agreement;
  - (j) contain stipulations for default and termination of the contract;
  - (k) mention suitable limits on cash transactions and balances;

- (l) state that the bank is responsible to the customer for acts of omission and commission of the Agent; and
  - (m) specify the contingency plan in the event the bank or the Agent fails or the contract terminates prematurely or there is non-performance on the part of the Agent.
40. The agency agreement should not consist of clauses that would hinder the Bank from exercising its supervisory powers. The Bank should have the same right of access to information with the Agent as it has with the bank.

## **SECTION 8 – RELOCATION, TRANSFER AND CLOSURE OF AGENT PREMISES**

41. No Agent shall relocate, transfer or close its agency banking premises without the prior written consent of the Bank.
42. Within thirty (30) days prior to relocation, transfer or closure of agency banking premises, the bank shall apply to the Bank for approval and shall forward to the Bank the name, the date and the reasons for which the Agent is seeking to relocate, transfer or close its premises.
43. Adequate notice of the relocation, transfer or closure shall be given to members of the public by the bank.

## **SECTION 9 – CANCELLATION OF APPROVAL**

44. The Bank may, at any time, cancel the approval granted under section 7(7A) of the Act, where:
- (i) the approval was obtained by fraudulent means, including but not limited to, forged documents, incorrect statements, anti-competitive practices and misleading information;
  - (ii) in the opinion of the Bank, the Agent does not operate in the interest of the public;
  - (iii) the bank and/or Agent violates the provisions of this guideline or any other laws and regulations applicable to it;
  - (iv) the trade licence of the Agent has been revoked or suspended;
  - (v) for such other reason as the Bank may deem necessary; or
  - (vi) the bank fails to effect payment of the appropriate annual licence fee.
45. Where the Bank decides to cancel an approval, the Bank shall serve on the bank a notice of its decision to do so, specifying a date, which shall be not less than thirty (30) days of the date of the notice, on which the cancellation shall take effect.
46. The Bank may, where paragraphs 44 (i), (ii) and (iv) apply, revoke the approval forthwith without being required to serve the notice under paragraph 45.

47. Where the Bank cancels an approval, it shall:
- (a) issue a public notice in such manner as it may deem appropriate;
  - (b) require the bank to issue a notice on its website and in three daily newspapers informing the public, *inter alia*, that the Agent is no longer authorised to transact on its behalf as well as the date on which the approval has been cancelled by the Bank; and
  - (c) require the bank to surrender to the Bank the original of the certificate issued to it under paragraph 8 for cancellation.
48. Following the cancellation of the approval, the bank shall ensure that the Agent ceases to provide any agent banking services to the public.

### **SECTION 10 – SETTLEMENT OF TRANSACTIONS**

49. All transactions conducted by an Agent involving deposit, withdrawal, payment or transfer of cash from or to an account shall be real time.
50. To ensure that agent banking transactions are carried out with devices which are technically fit, banks are required to ensure that such equipment is able to:
- (i) transmit transaction information in code;
  - (ii) carry out electronic transactions on real-time basis;
  - (iii) allow handling under different user profiles for administration, maintenance and operation;
  - (iv) reverse incomplete transactions due to error, system failure, power outage or other defects;
  - (v) process or generate durable transactional documents or receipts. Electronic receipts or acknowledgement such as SMS acknowledgement are permissible;
  - (vi) automatically log off an agent once the agent exhausts his daily cash limit or tries to perform an illegal or unauthorised transaction; and
  - (vii) generate an audit trail.
51. Banks shall at all times monitor the safety, security and efficiency of the equipment being used to prevent any tampering or manipulation by any person.

## **SECTION 11 – POWERS OF THE BANK OF MAURITIUS AND REPORTING**

52. The Bank shall have free, full, unfettered and timely access to the internal systems, documents, reports, records, staff and premises of the Agent in so far as the agency banking business is concerned and shall exercise such powers as it may deem necessary.
53. Every bank shall, at the end of every calendar month and not later than the 10<sup>th</sup> working day of the next month, submit to the Bank data and other information on Agent operations including information on:
- (i) the nature, value, volume and geographical distribution of operations or transactions; and
  - (ii) incidents of fraud, theft or robbery.
54. The Bank shall have the power to:
- (i) request any information from any Agent at any time it may deem necessary;
  - (ii) direct an Agent to take such actions or desist from such conduct as the Bank may deem appropriate;
  - (iii) direct the bank to take such actions against or on behalf of the Agent as the Bank may find appropriate; and
  - (iv) direct the bank to take such remedial actions arising from the conduct of any Agent as it may deem fit.

## **SECTION 12 – DISCLOSURES**

55. An Agent shall display the following information in a conspicuous place on its premises:
- (i) The name, contact details and respective logo of the bank(s) it is working for;
  - (ii) An authenticated copy of the certificate issued by the Bank under paragraph 8;
  - (iii) A list of banking services offered by the Agent on behalf of each bank;
  - (iv) If the electronic system is out of order, a written notice to the effect that no transaction shall be carried out;
  - (v) A written notice to the effect that agent banking services shall be provided subject to availability of funds; and
  - (vi) The list of charges or fees applicable for each service which are payable to the bank by the customers.

56. A bank shall publish an updated list of all its Agents on its website and such other publications as it may deem appropriate. The publication containing the list of its Agents shall be disseminated to all its branches and its Agents.

### **SECTION 13 – TRANSITIONAL PROVISION**

57. A bank which is currently having recourse to the services of an Agent shall, within three (3) months of the coming into effect of this Guideline, submit an application as provided for under this Guideline, to the Bank.

*Bank of Mauritius*  
*20 May 2014*

**APPLICATION FORM FOR THE APPOINTMENT  
OF AN AGENT BY A BANK**

**1. Details of the Applicant**

(a) **Name of Applicant bank:** \_\_\_\_\_

(b) **Address:** \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

(c) **Applicant** (The application should be submitted by the Chief Executive Officer or equivalent of the bank who should attest that the information submitted is true to the best of his knowledge. Your bank may be required to furnish additional information and any changes should be communicated promptly to the Bank of Mauritius. Misrepresentations or omissions of material facts may be grounds for rejecting the application).

**Name (in Block Letters):** .....

**Designation:** .....

**Telephone:** .....

**E-mail:** .....

**2. Information to be provided in the Application Form**

- (i) The name and profile of the proposed Agent;
- (ii) The physical location, postal address, telephone and fax numbers and email address of the proposed Agent;
- (iii) A description of the commercial activities carried out by the proposed Agent for the last 24 months immediately preceding the date of the application;
- (iv) The physical security provisions to enable the Agent carry out its business;
  - (i)

- (v) A certified true copy of the licence held by the Agent;
- (vi) Details of the agent banking services to be provided by the Agent and the transaction limits which will be applicable to the Agent;
- (vii) A feasibility study, including the rationale for the proposed appointment of the Agent;
- (viii) A copy of the draft agency agreement;
- (ix) An authority from the Agent authorising any regulatory body, law enforcement body or financial institution, in Mauritius, to release to the Bank, for use in relation to the application, any information about the Agent, and any of its directors, shareholders, beneficial owners, chief executive officer or other senior officers as may be applicable;
- (x) Payment of the appropriate non-refundable processing fee; and
- (xi) Board resolutions:
  - a. from the bank to appoint the Agent; and
  - b. from the Agent to engage into agency agreement with the bank.

### **3. Submission of Application Form**

The application should be submitted by the Chief Executive Officer or equivalent of the bank.

All applications should be sent to the attention of:

**The First Deputy Governor  
Bank of Mauritius  
Sir William Newton Street  
Port Louis  
MAURITIUS**

### **4. Declarations and Signatures**

I certify that, to the best of my knowledge and belief, the information provided in the current application form is true, complete and correct and we also agree to abide by the terms and conditions applicable to the provision of agent banking services and to such other conditions as may be imposed by the Bank from time to time.

.....  
*Date*

.....  
*Chief Executive Officer*

(ii)