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THE REGULATION ON BRANCHLESS BANKING IN ANGOLA

ANGOLA FINANCIAL SECTOR PROGRAM

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Given the need to promote the broadest coverage of banking services to the public, ensure transparency of operations, and protect consumers, the National Bank of Angola (BNA), as authorized by law,

HEREBY ORDERS:

ARTICLE 1
(Purpose and Scope)

Considering that the National Bank of Angola is responsible for defining the terms and conditions of financial operations undertaken by financial institutions outside of their head offices and agencies, directly and through contracted Agents; and with the objectives of:

- Defining banking without agencies, as a new means of offering nationwide banking services in a cost effective manner,
- Indicating to financial institutions permitted activities and operations under the banking without agencies model and establishing a framework for offering their services.
- Specifying minimum security measures for security of networks and data, consumer protection, and risk management.

Under the jurisdiction given by the Law of the National Bank of Angola No. 6/97 of July 11th; and by the Law of Financial Institutions No. 13/05 of September 30th, the BNA hereby regulates the activities of financial institutions in the delivery of allowed financial services, outside of their offices and agencies, directly and through Agents, to their consumers.

These regulations apply to commercial banks, credit cooperatives, and micro finance institutions, supervised by the BNA. All those eligible financial institutions wishing to offer banking without agencies services may do so in accordance with these regulations. These regulations, in general terms, do not revoke nor supersede any existing regulation, unless it is so explicitly indicated. The scope of these regulations is limited to banking without agencies transactions, and does not include operations in agencies, nor Internet banking, nor any other electronic means of access.

Artigo 2
(Definitions)

1. "Authorized Financial Institutions" are commercial banks, credit cooperatives, and micro finance institutions, supervised by the BNA, which have not been disqualified by the BNA to undertake banking without agencies activities.



2. “Banking without Agencies ” under these regulations are the services, offered outside of their head offices and agencies, of BNA-authorized financial institutions, either directly or through Agents, for their respective consumers having Banking Without Agencies Account. This does not include the services offered by the authorized financial institutions through electronic means such as telephone, Internet, SMS, etc;
3. “Banking Without Agencies Account” is an account, kept by a consumer at an authorized financial institution, and in which account debits and credits can be realized with electronic funds transfers, and which is used to carry out Banking Without Agencies operations as defined in these regulations;
4. “Agent of Banking without Agencies” or “Agent” means a legal or physical person who provides the basic financial services, herein described, to the consumers of the financial institutions under an Agent agreement.
5. “Card” is an electronic means of access, including a debit or credit card, ATM card, stored value card, or other designated cards, to initiate account balance and fund transfer operations.
6. “Deposit” means an amount of money received from a consumer by an authorized financial institution, which will be paid in total or in part, with or without consideration, on sight or under circumstances and dates agreed upon between the depositor and the authorized Agent who receives said deposit, and subject to any other conditions which the BNA may impose from time to time. Deposit does not include:
 - (a) advances or payments (and their reimbursements) under sale and buy contracts, rents, or any other acquisition of goods or services.
 - (b) bonds and warranties of compliance with contracts;
 - (c) guarantees to return goods or assets, and
 - (d) other circumstances determined by the BNA.
7. “Electronic Money” includes amounts which represent a liability of the issuer stored in magnetic or electronic means such as a card, and is issued upon receipt of funds, for a monetary value that is not less than the monetary value received, and which is accepted by third parties for payment other than the issuer, and includes the electronic storage of monetary value.
8. “Electronic Funds Transfers” means a funds transfer instruction which debits or credits an account and is initiated at an electronic terminal, and that is not originated in checks, drafts or other paper instruments.
9. “Person” includes a legal or natural person.



Artigo 3

(Allowed Activities -Banking without Agencies)

1. The allowed model of Banking without Agencies is of an authorized financial institution offering its services through:
 - a. Mobile agencies or portable offices which can be transported to diverse localities on different dates and hours to offer limited financial services. Generally, these mobile offices will be operated by the staff of the financial institution.
 - b. Offices in facilities owned by the financial institution or belonging to others, operated by the staff of the financial institution and offering a greater geographic reach of limited financial services.
 - c. Offices in facilities owned by the financial institution or belonging to others, operated under an agency agreement by persons not belonging to the financial institution and offering a much greater geographic reach of limited financial services.

2. The following products and services can be offered under these regulations:
 - a. Opening, maintaining, and closing, Banking without Agencies accounts. A financial institution can correlate this type of account with the head Office or with any agency, if it wishes to do so.
 - b. Transfers between accounts of the same client of the financial institution.
 - c. Electronic funds transfers from one person to another through accounts in the financial system.
 - d. Deposit and withdrawal of funds to the account of the consumer.
 - e. Payment of public services and others.
 - f. Payments to merchants for goods and services with debits to the account of the consumer.
 - g. Loan disbursements and collections.
 - h. Receiving and sending remittances.
 - i. Electronic funds.

Artigo 4

(Use of Agents in Banking without Agencies)

1. Freedom of Service by Agents. No financial institution is allowed to restrict or to limit the right of any person to be an Agent of more than one institution, unless that limitation is based on sound technical, logistical, or risk considerations.
2. Financial institutions will sign contracts with their respective individual Agents describing the rights and duties of the parties. The financial institutions shall retain their responsibilities before the BNA to comply with the required norms. Service providers to the financial institutions, such as individuals processing transactions, are not “Agents” just for those services.

3. Activities authorized to Agents:
 - a. Opening and closing accounts (level 1 only).
 - b. Deposits and withdrawals on accounts.



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- c. Payment of public and other services (for consumers of the financial institution and for the public at large on behalf of the financial institution).
 - d. Loan disbursements and collections.
 4. Agents cannot alter or change the charges and fees determined by the financial institutions, nor make complementary charges to consumers. The compensation to Agents for their services must be outlined in the contract and must be clearly communicated to the consumer. Agents of more than one institution cannot force consumers to use a more expensive alternative for the same service.
 5. Agents and the financial institutions may use any brand for a network of Agents. Nevertheless, names such as bank, credit cooperative, financial intermediary, micro finance bank, and any other word that suggests that is the Agent is a financial intermediary is not permitted.
 6. Organization of the Agents. Agents can be of three types:
 - a. Super Agent. Personnel of well established organizations, with their own network or with distribution arrangements, which manage sub Agents for one or more financial institutions.
 - b. Direct Agents. Persons with separate agency agreements with a respective financial institution. They may operate more than one location.
 - c. Sub Agents. Persons contracted and supervised by a super Agent who do not have direct agreements with, nor are directly supervised by, a financial institution. The contracts of the sub Agents with the super Agent must be similar to the contracts between the super Agent and the respective financial institution.
 7. Precautions in Agent selection. The use of Agents by a financial institution exposes it to operational and reputational risk. Thus, they must take precautions in the identification, selection, training, and operation of Agents.
 - a. Financial institutions must have clear established procedures for the identification, selection and operation of Agents. Precautions must be taken periodically, and a list of warnings and corrections must be prepared and included as part of a manual for Agent management.
 - b. Each financial institution must have a selection procedure to ensure that Agents meet moral and technical criteria.
 - c. Financial institutions must publicize their Agent agreements in each community to ensure transparency.
 - d. BNA consumer identification requirements and controls over money laundering and on the financing of terrorism must be explained to the Agents and monitored regularly.
 8. The written agency contract between the financial institution and the Agent shall at least include the following:
 - a. Definition of the rights, expectations, and responsibilities of the parties.
 - b. Definition of the scope of work to be undertaken by the Agent; of the training, support, and supervision by the financial institution; equipment, supplies and materials to be provided by each party; and the system to compensate the Agent.



- c. Declare that the services of the Agent are subject to the supervision, audit, and inspection of the BNA, whose staff shall have free access to all documents, installations and systems at any time.
- d. Declare that the Agent shall not take any management decision on behalf of the financial institution. Neither the Agent nor his employees can give the public the impression of being staff of a financial institution.
- e. State that the Agent, or in its stead, the financial institution, shall maintain records and files for five years.
- f. Specify that all information that the Agent records about consumers or about the financial institution belongs to the financial institution and must be kept confidential.
- g. Establish a protocol to revise or terminate the agency agreement.
- h. Indicate the minimum and maximum amounts of cash that the Agent can have by location and in total.
- i. Require that transactions be recorded on the books of the financial institution at the end of the day or of the next working day.

Artigo 5

(Procedures to Control Risks)

1. The Board and Management of each of the financial institutions shall establish an effective system to mitigate the risks of Banking without Agencies, and of banking through Agents, including assigning responsibilities, clear policies, and controls. The internal auditor must include the monitoring of these risks in his work plan.
2. The Board and Management of each of the financial institutions shall establish an effective system to control the security of operations outside of the agencies, be they in mobile offices, other owned facilities, or through Agents.
3. The Board and Management of each of the financial institutions shall establish an effective system to supervise its relationships with providers and with Agents, as they provide services under Banking without Agencies.
4. The Board and Management of each of the financial institutions shall establish an effective system to comply with the requirements of this Aviso on: know your client, controlling money laundering, and controlling the financing of terrorism in the provision of services under Banking without Agencies.
5. Financial institutions must use transaction verification methods to promote the non denial by consumers and that allow for verification of transactions made outside of agencies.
6. Financial institutions must take appropriate measures to promote the adequate segregation of tasks, applications, and data bases, between regular operations, electronic banking operations, and Banking without Agencies operations.
7. Financial institutions must ensure that the appropriate levels of authorizations, and access controls are in place for regular operations, electronic banking operations, and Banking without Agencies operations.
8. Financial institutions must ensure that appropriate measures are taken to ensure the integrity of data, records and information.
9. Financial institutions must ensure that audit trails are available for all electronic banking operations and Banking without Agencies operations.
10. Financial institutions must take appropriate measures to preserve the confidentiality of information. Measures must be related to the sensitivity of the data stored and transmitted.



11. Financial institutions must ensure that sufficient information is supplied to consumers and to the public on inherent risks and on available verifications.
12. Financial institutions must ensure that the confidentiality of the consumer is protected in accordance with law and with BNA regulations.
13. Financial institutions must plan ahead to ensure business continuity of Banking without Agencies operations both for mobile agencies as for Agents.
14. Financial institutions must provide consumers with the access numbers to a telephone bank to authenticate an Agent or mobile agencies and to report errors or problems with Banking without Agencies operations.

Artigo 6

(Taxes)

Transferred amounts, funds in stored value cards, and deposits and withdrawals on accounts are not subject to taxation. Fees charged by financial institutions and Agents are subject to taxation.

Artigo 7

(Accounts allowed and consumer identification requirements)

Financial institutions may offer various accounts to their consumers, in operations outside their head office and agencies, provided that they comply with BNA requirements, particularly those on consumer identification, prevention of money laundering, and controls on the financing of terrorism.

BNA allows financial institutions various account options to offer consumers as detailed in the chart below:

	ACCOUNT I Persons	ACCOUNT II Persons and businesses	ACCOUNT III Companies
LIMITS Debit & Credit Transactions	25,000 K. daily 100,000 K weekly 200,000 K. monthly	Established by the financial institution in accordance with the customer profile	Established by the financial institution in accordance with the customer profile
MAXIMUM BALANCE Debit or Credit	900,000 Kwanzas	Established by the financial institution in accordance with the customer profile	Established by the financial institution in accordance with the customer profile
CONSUMER IDENTIFICATION	Photo, fingerprint, & copy of valid ID	BNA usual requirements	BNA usual requirements