

BANK OF UGANDA

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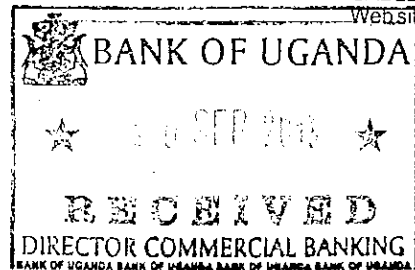
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All Commercial Banks, Credit Institutions, Micro Finance Deposit-Taking Institutions and Mobile Money Service Providers

Mobile Money Guidelines

Please find enclosed a final copy of the Mobile Money Guidelines that have been prepared by Bank of Uganda following a successful consultation process with other stakeholders in the Financial Sector. The guidelines which will come into effect on **October 01, 2013** are intended to provide clarity on mobile money services and the responsibilities of the various stakeholders.

The Mobile Money Service Providers **are required** to sensitize their agents and ensure compliance with the provisions of these guidelines.

J. Bagyenda (Mrs.)

Executive Director Supervision

Copy: The Executive Director, Uganda Communications Commission
The Executive Director, NITA-U
The Executive Director, Uganda National Bureau of Standards
The Chairperson, Uganda Mobile Money Agents Association

BANK OF UGANDA
MOBILE MONEY GUIDELINES, 2013

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services using the MNOs networks – in partnership with licensed institutions to offer the mobile money service. The rapid growth of the mobile money service demonstrates the financial inclusion potential of the service.

3. Objectives

The objectives of these Guidelines are to:

- a) Provide clarity on mobile money services to customers, mobile money service providers, licensed institutions, mobile money agents and other parties involved in the provision of mobile money services in Uganda;
- b) Outline the approval procedure for parties seeking to engage in the provision of mobile money services;
- c) Stipulate roles and responsibilities of parties engaged in the provision and usage of mobile money services;
- d) Foster consumer protection for mobile money customers including a mechanism for handling complaints relating to the provision of mobile money services and further the interests of customers in mobile money services;
- e) Enhance competition in the provision of mobile money services and related markets; and
- f) Promote financial inclusion.

4. Application

These Guidelines shall apply to:

- a) all mobile money service providers;

“e-money” means monetary value electronically stored, issued against receipt of funds in local currency, accepted as a means of payment by persons other than the issuer and redeemable for cash.

“Know Your Customer (KYC)” means a set of due diligence measures undertaken to identify the customer and monitor transactions performed on their mobile money wallets/accounts.

“licensed institution” means a financial institution licensed under the Financial Institutions Act 2004 or a Micro Finance Deposit-Taking Institution (MDI) licensed under the Micro Finance Deposit-Taking Act 2003.

“mobile banking” means the use of a mobile phone as a channel to access and conduct financial transactions on one’s account held in a licensed institution.

“mobile financial services” refers to the use of a mobile phone both for mobile banking and mobile payments and remittances.

“mobile money” is e-money available to a user to conduct transactions through a mobile phone.

“mobile money agent” means any third party acting on behalf of a mobile money service provider to deal directly with customers.

“mobile money platform” refers to the hardware and software that enables a mobile money service.

“mobile money service provider” refers to any person offering mobile money services in accordance with these Guidelines.

"writing" or "written" includes any handwriting, typewriting, printing, electronic storage or transmission or any other method of recording information or fixing information in a form capable of being preserved.

the customer identification documentation in instances where the service terminates or at the time of liquidation. The agreement should also provide for daily reconciliation of the escrow account and the e-money. This agreement must not contain exclusivity clauses. Mobile money service providers may establish partnerships with multiple licensed institutions and vice versa. Each licensed institution shall be required to request a letter of no-objection from the Bank of Uganda. Bank of Uganda may require diversification of the escrow account over several licensed institutions as and when deemed necessary.

- (ii) The arrangement governing the escrow account must ensure the licensed institution's authority to distribute the funds in the escrow account to mobile money account holders in case of insolvency or bankruptcy of the mobile money service provider.
- (iii) The licensed institution and the mobile money service provider must be able to reconcile the balances of the mobile money accounts and the escrow accounts on a daily basis.
- (iv) The technology system proposed to run the mobile money service (the mobile money platform). Appropriate and thoroughly tested technology systems must be in place. The system should be able to segregate balances of each account owner and should be regularly tested and have adequate back-up. The system must further be replicated at the partner licensed institution in real-time with rights to the licensed institution to view balances and transactions on individual accounts. Appropriate security policies and measures intended to safeguard the integrity, authenticity and confidentiality of data and operating processes must be in place. The minimum uptime of the system should be indicated and should not be less than 95%.
- (v) The ability to put in place mechanisms to detect money laundering and terrorist financing. The partnering licensed institution should ensure that the

The Uganda Communications Commission (UCC) is responsible for licensing and supervision of mobile network operators (MNOs). They ensure that telecommunications networks, over which mobile money platforms ride on are effective. UCC may further take measures to strengthen a competitive market environment.

(c) Mobile Money Service Provider

A mobile money service provider manages the mobile money platform. The responsibility of mobile money service provider is to ensure the smooth and sound operation of the service, including management of risk, monitoring of money laundering and terrorist financing, addressing consumer protection issues and providing periodic reports to Bank of Uganda. It is responsible for the maintenance and back-up of the mobile money system and for ensuring that this system is replicated at the partnering licensed institution. It also prepares reconciliations and attends to customer complaints.

A mobile money service provider selects and manages mobile money agents. In its dealings with mobile money agents, a mobile money service provider must meet the following requirements:

- (i) Enter into an agreement with the agent stipulating the responsibilities of both parties. The said agreement should not provide for exclusivity and should clearly state that the mobile money service provider shall be liable for the actions of its agents as regards to the provision of mobile money services;
- (ii) Put in place an effective agent selection process and carry out due diligence on its agents;
- (iii) Assign each agent a unique identification number and keep up-to-date records of its agents;
- (iv) Ensure agents receive appropriate training;

- (ii) Receive cash to credit of a mobile wallet (cash in);
- (iii) Pay cash in exchange for e-money from a mobile wallet (cash out); and
- (iv) Attend to customer queries and complaints

The following activities shall not be performed by a mobile money agent:

- (i) Carrying out a transaction when there is a mobile money system failure;
- (ii) Carrying out a transaction on behalf of a customer (e.g. sending money to another customer or paying a bill on behalf of a customer);
- (iii) Charging any fees directly to the customers (agency commission should be paid to the agents by the mobile money service provider).

(f) Customer

A mobile money customer should exercise due care in performing transactions and properly follow instructions given. The Mobile money customer is responsible for keeping his/her PIN secret at all times by not disclosing it to anyone.

8. Interoperability

Mobile money service providers shall utilize systems capable of becoming interoperable with other payment systems in the country and internationally, in order to facilitate full interoperability.

9. Systems Standards

The Bank of Uganda shall have the authority to inspect or direct the inspection of the technology systems of mobile money service providers. The Bank of Uganda may define standards from time to time regarding system standards in the following areas:

verify the identity of the customer: a valid passport, driving permit, identity card, voter's card, financial card, local administration letter, or business registration certificates.

- (b) Limits should be set for frequency, volume and value of transactions; and these limits, as well as any revisions thereof, shall be sent to Bank of Uganda for approval.
- (c) Suspicious transactions and large cash transactions should be reported to the partnering licensed institution which should in turn report them appropriately.

12. Consumer Protection and Recourse

The mobile money service being relatively new, and involving several players (licensed institutions, mobile money service providers, mobile money agents, goods and services providers) has had customer confidence built on trust. The following consumer protection measures are intended to further this customer trust and ensure protection of customers against abusive practices.

Mobile money is a financial service provided by supervised and licensed institutions in partnership with mobile money service providers. Therefore, the provisions of the Bank of Uganda Financial Consumer Protection Guidelines, shall apply.

In addition, mobile money service providers shall ensure the following:

(a) Transactions

- (i) A mobile money agent shall carry out transactions only when the mobile money system is up and running and transactions should be in real-time.
- (ii) Every transaction shall require authentication by a customer's PIN. At the time of opening mobile money accounts, mobile money agents should sensitise customers not to disclose their PINs to any other person.

The agent shall clearly display in a conspicuous place:

- (i) The identity of the mobile money service provider(s) for whom he/she operates as an agent;
- (ii) The agent's unique identification number provided by the mobile money service provider ;
- (iii) All applicable charges and fees for the mobile money service;
- (iv) A written notice that no charges or fees are levied at the agent location;
- (v) The dedicated telephone line through which customers can contact the mobile money service provider, including the contact in case the consumer has a complaint about the service;
- (vi) A statement that the agent does not carry out transactions on behalf of customers;

Where a consumer is unable to understand English, the agent shall provide an oral explanation in a language the consumer understands. Where a consumer is unable to understand written information, the agent shall orally explain to the consumer the written information.

(c) Data protection

- (i) A mobile money service provider, as well as its agents, shall uphold privacy and confidentiality of customer information and data;
- (ii) The conditions under which customer information and data will be kept shall be disclosed before the customer enters into agreement with the mobile money service provider;
- (iii) Provisions of data protection including confidentiality shall be in tandem with all relevant laws.

- (c) The mobile money service provider shall submit annual audited financial statements to Bank of Uganda.
- (d) Bank of Uganda may appoint an appropriate professional to conduct a special audit on the operations of a mobile money service provider. The cost of the audit shall be met by the mobile money service provider.
- (e) The licensed institution shall maintain accurate and complete records of the aggregate e-float and the amount in the escrow account. These records shall be kept for a period of at least ten years.
- (f) The mobile money service provider shall maintain accurate and complete records of mobile money accounts opened, the identity of mobile money customers, agents, transactions undertaken by mobile money customers, the individual balances held by mobile money customers, the aggregate e-float and the amount in the escrow account. These records shall be kept for a period of at least ten years.
- (g) If the Bank of Uganda has reason to believe that the operations of the mobile money service are being conducted in a manner that is detrimental to the interest of the mobile money customers or in contravention of the terms and conditions imposed, it may take any of the following courses of action:
 - (i) Issue directions regarding measures to be taken to improve the management and provision of the mobile money services;
 - (ii) Suspend or cancel the approval/no-objection;
 - (iii) Impose any other conditions as it may consider appropriate.

Appendix

A: Report by Mobile Money Service Provider:

MOBILE MONEY REPORT

Name of Mobile Money Service Provider:

For the month ending:

Number of registered customers																
Number of active customers*																
Number of agents																
Agents' balances (UGX)																
Customers' balances (UGX)																
Number of transactions																
Value of transactions (UGX)																
Outstanding remittances (UGX) (specify nature)**																
Transactional Limits (specify): (a) Frequency (b) Values (UGX)																
Suspicious transactions (a) Number (b) Value (UGX)																
Number and nature of complaints																
Complaints resolved																
Number, nature and value of frauds:																
<table border="1"> <thead> <tr> <th>Number</th> <th>Nature</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Number	Nature	Value													
Number	Nature	Value														
Applicable fees																
System uptime																

*Customers who have transacted in the last 90 days

** Transactions that have been originated but not completed and are in suspense e.g. remittance sent but not yet received by the recipient or bill paid but not yet credited to Bill Provider's account.