



Islamic Republic of Afghanistan
Da Afghanistan Bank

Article Two: Money Service Providers

Part A – General Regulations and Definitions

§ 2.1.1. Authority.

This regulation on the licensing, regulation, and supervision of money service providers is pursuant to the authority granted to DAB by Articles 92 and 93 of the Law on Da Afghanistan Bank (Law).

§ 2.1.2. Scope.

1. This regulation applies to all individuals and legal entities that are providing money services in Afghanistan, whether or not the individuals and legal entities are domiciled in Afghanistan. For the purposes of this regulation, money services are defined pursuant to Article 1 of the Law to include money transmission, and check cashing.
2. This regulation shall not apply to commercial banks licensed by DAB, their branches, and foreign bank branches permitted by DAB. Money services provided by these banking organizations are regulated and supervised as part of their overall operations, under the regulations issued pursuant to the Law of Banking in Afghanistan.
3. The licensing provisions of this regulation do not apply to any individual or legal entity currently holding a valid Money Service License issued under a previous version of this regulation. Upon expiration of those licenses, a new license must be applied for under the terms of the current regulation.

§ 2.1.3 Definitions,

- a) "*applicant*" means an individual or legal entity who submits a notice or an application to DAB for the acquisition of a license to provide money services;
- b) "*authorized agent*" means a person who, according to the provisions of this regulation, has been authorized by a licensee to operate a business engaged in the provision of money services on behalf of the licensee;

- c) "*check cashing*" means receiving compensation for taking payment instruments or stored value, other than traveler's checks, in exchange for money, payment instruments, or stored value delivered to the person delivering the payment instrument or stored value. Examples include: a) the presentation to a money service provider by a customer of a check payable to the order of the customer, in exchange for cash of equivalent or lesser amount; b) the presentation to a money service provider by a customer of a check payable to the order of the money service provider, in exchange for cash of equivalent or lesser amount; c) the presentation by a money service provider to a customer of a check payable to the order of the customer, to be exchanged for cash of equivalent or lesser amount at a credit institution or any other institution where the money service provider maintains a current account; or d) the provision by a money service provider to a customer of a reference number, the presentation of which number and personal identification at a credit institution or any other institution where the money service provider maintains a current account entitles the customer to receive cash of a predetermined amount.
- d) "*credit institution*" means a person holding a valid license or permit from DAB whose business it is to receive deposits or other repayable funds from the public and to grant credits for its own account. Credit institutions include banks, foreign bank branches, credit unions, and microfinance depository institutions.
- e) "*DAB*" means Da Afghanistan Bank, the central bank of Afghanistan, its head office and branches;
- f) "*domestic transmission*" means a money transmission where both the remitter and the recipient are located inside Afghanistan.
- g) "*foreign transmission*" means a money transmission where either the remitter or the recipient is located outside of Afghanistan.
- h) "*franchiser*" means a legal entity that enters into agreements with individual money service providers (franchisees) located in more than one country to a) act as an intermediary among them in transmitting money across international borders; b) provide the franchisees with a common name, common corporate identity, and common marketing; and c) indemnify the remitter against any losses caused by negligence, fraud, or illiquidity by a franchisee.
- i) "*inbound transmission*" means a money transmission disbursed to a recipient in Afghanistan.
- j) "*Informal funds transfer providers*" means a person that engages in money services through informal channels, often referred to as hawala.
- k) "*legal entity*" includes a single proprietorship, partnership, or corporation that is incorporated either in or outside of Afghanistan.
- l) "*licensee*" means an individual or legal entity that has been granted a license to provide money services.
- m) "*material change*" means any change that is not trivial, and that, if not reported, would cause an investigation or examination to be misled or delayed. Such a change would include, but not be limited to, changing the physical and/or mailing address,

responsible individuals, licensee's name or "doing business as," and other similar activities.

- n) "*outbound transmission*" means a money transmission submitted by a remitter in Afghanistan.
- o) "*remitter*" means the individual or legal entity submitting money to be transmitted to another party.
- p) "*recipient*" means the individual or legal entity authorized to receive money transmitted from another party.
- q) "*volume of money transmissions*" means the sum of money or its equivalent value placed by remitters in Afghanistan for outbound transmissions, plus the sum of money or its equivalent value disbursed to recipients in Afghanistan from inbound transmissions, measured over a certain period of time.

§ 2.1.4 Filing.

- a. An applicant must file an application acceptable to DAB and resulting in a license to conduct a money service provider business.
- b. A successful applicant must sign and agree to abide by the terms of the "Money Service Providers Licensing Agreement" prior to issuance of a license.
- c. Sample forms and instruction for filings are available from Financial Supervision Department, Licensing Division, Da Afghanistan Bank, Ibni-Sina-Watt, Kabul, Afghanistan.

Part B – Issuance of License

§ 2.2.1. Characteristics of approved money service providers.

DAB will grant a license to an applicant for the establishment and operation of a money service provider business only if the applicant:

- can demonstrate that the owners or proprietors of the business are fit and proper persons deserving of public trust
- has established at least one fixed address from which the business will be operated
- agrees to apply the appropriate procedures for the prevention of money laundering and terrorist financing.
- Agrees to abide by the terms of the "Money Service Providers Licensing Agreement"

§ 2.2.2. Contents of application.

Applications for the granting of a license to a business intending to provide money services must be submitted in writing and in the form designated by DAB. Each application shall contain:

- a. Identifying information about the applicant and his business organization
- b. Proposed money services to be offered
- c. Proposed start date for provision of services
- d. Proposed location(s) and addresses where money services business will be conducted
- e. List of proposed agents, associates, and employees allowed to conduct business in the name of the licensee.

- f. Reference information for applicant
- g. A declaration of fitness to operate a money service business, signed by the applicant
- h. Identifying information for bank accounts used in the conduct of the money service business.
- i. Filing fee prescribed by DAB.

§ 2.2.3 Grounds for rejecting application.

An applicant for a license to provide money services may be rejected on any of the following grounds, if in the opinion of DAB:

- the applicant does not possess all of the characteristics of an approved money service provider described above;
- the applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has been convicted of any felony in any jurisdiction within the past 10 years;
- the applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has been convicted of a crime involving a financial transaction in any jurisdiction within the past 10 years;
- the applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has charges pending against him/her/them in any jurisdiction for violations relating to a financial transaction within the past 10 years;
- the applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has falsified any information supplied in connection with the application;
- the applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person or authorized agent of the applicant has had an adverse action taken against any business license by any jurisdiction within the past three years;
- the applicant fails to respond to a request from DAB for additional information within 10 days of a third request for the same information;
- the applicant fails or otherwise refuses to sign the “Money Service Providers Licensing Agreement”
- the documents submitted are incomplete, deceptive or misleading;
- the documents submitted do not comply with Afghanistan laws or regulations.

Part C - Activities

§ 2.3.1. Permitted activities

A licensed money service provider may engage in any or all of the following activities:

- money transmission;
- safekeeping of funds to the extent necessary in order to facilitate a specific transaction;
- check cashing.

§ 2.3.2. Locations and Providers

A licensed money service provider may provide services indicated on his license from any location listed on his license. Business may be conducted at licensed locations by the licensee or any of his agents, associates, or employees listed on the license.

§ 2.3.3. Prohibited activities of money service providers.

In the absence of a separate license or permit from DAB, a licensed money service provider may not engage in any of the following activities:

- using other than DAB's official record books for recording customer and transaction information
- acceptance of deposits;
- foreign exchange transactions
- granting of loans;
- include in its name words such as bank, financial institution, investment company, trading company, real estate or any other word indicative of activities other than as a money service provider;
- payment system operations as enumerated in Article 89 of the Law of DAB;
- securities services, as enumerated in Article 94 of the Law of DAB.
- securities transfer systems, as enumerated in Article 98 of the Law on DAB.

§ 2.3.7 Prevention of money laundering.

Every licensee is obliged to take all necessary measures for the effective prevention of money laundering as provided for in legislation of Afghanistan. These measures shall include, but not be limited to:

- continuous training of staff so that they are able to recognize transactions that might be related to money laundering;
- instructions as to what action they should take in such circumstances;
- effective internal control and communication procedures;
- submission of any required reports on suspicious transactions to the Financial Intelligence Unit or any other repository of such reports as may be designated by the laws of Afghanistan.

Part D – Registry and Supervision

§ 2.4.1. Registry of money service providers

The forms of licenses are strictly controlled on the basis of printed license numbers and series by the Financial Supervision Licensing Division of DAB. For each issued license the following information is recorded:

- a. the licensed legal entity's title and location ,
- b. the license number
- c. taxpayer identification number
- d. the date of issue and number of registration of the license
- e. the type(s) of services to be provided according to the license
- f. the location(s) where licensed provision of services may occur
- g. the agents , associates, and employees allowed to conduct business under the license
- h. information on re-registration, suspension and termination of license

§ 2.4.2. Regular reporting.

Every licensee is required to submit to DAB within 5 days of the end of each financial month:

- a report on the number and aggregate volume of transmissions, where transmissions are broken down according to the following parameters: inbound and outbound; foreign and domestic; and currency of denomination of amounts transmitted;
- Exact and unaltered signed duplicate copies of each month's transactions as provided in the official record books issued by DAB and bearing a number registered by DAB as having been issued to the licensee. No other means of duplication is allowed.

When justified by specific business circumstances, licensees may propose to the DAB Financial Supervision Department and the Financial Intelligence Unit an alternative mode of providing required reports. Upon acceptance of the proposal by these two parties, the alternative reporting mode may be used in lieu of the official record books.

§ 2.4.3. Event-driven reporting.

Every licensee is required to submit to DAB within 30 days of occurrence of the following events an updated license application containing details of the events:

- material changes of any of the items required to be included in the licensee's application;
- changes in the list of service locations and authorized agents, associates, and employees
- if a legal entity, a transfer of shares that results in any shareholder acquiring or disposing of a qualifying holding;

§ 2.4.4. Inspection of money service providers.

DAB may conduct inspections of the licensee, after having given reasonable notice in advance of the scope and duration of the inspection, at the licensee's headquarters or any other location from where the licensee or its authorized agents provide money services.

In addition, DAB may undertake inspection of the licensee or any of its authorized agents without any prior notice, if DAB reasonably believes that the licensee or his authorized agents are contravening the provisions of this regulation.

DAB may decide that the costs of inspection shall be borne by the licensee.

§ 2.4.5. Revocation of the license.

DAB may revoke the license if any of the following conditions apply:

- the licensee has failed to exercise the activities of a money service provider within twelve months from the date of the license's issue;
- the licensee submits in writing a request for the revocation of its license;
- the licensee has ceased to provide money services, and a period of three months has elapsed since the activities ceased;
- it has been ascertained that the licensee obtained the license on the basis of false or misleading information or by other irregular means;

- the licensee no longer satisfies the required conditions for the granting of a license;
- if a legal entity, the licensee (if a partnership) has been dissolved due to death or bankruptcy of any of the partners, or the licensee (if a corporation) has commenced liquidation;
- the licensee, its managerial staff, or individuals with a qualifying holding in the licensee have been convicted of a felony criminal offense or any crime involving a financial transaction;
- the licensee has failed to submit their official record books in a timely manner
- The licensee has violated any terms of his licensing agreement not already mentioned above

In the event of license revocation, the licensee shall immediately cease to provide money services.

For some violations, DAB will issue a written warning before revoking the license.

Part E – Fees and Other Provisions

DAB shall charge the following fees in connection with money service providers:

§ 2.5.1. Application fee.

A non-refundable license application fee of AF 15,000 shall be paid to DAB upon submittal of each license application.

§ 2.5.2. Annual assessment.

A licensee shall pay an annual license assessment according to the following schedule:

For the first licensed location:	AF 10,000
For each additional licensed location:	AF 5,000
For each authorized agent, associate or employee:	AF 1,000

The annual assessment shall be prorated for the first year from the date of license issuance. Incremental assessments may be made for updated applications submitted under the terms of § 2.4.3. However, under no circumstance will refunds be issued. License assessments are not transferable among agents or among locations.

§ 2.5.4. Late fees.

A late fee of ten percent of the annual license assessment will be added to the assessment if the regular reports and annual assessment are not submitted on time. If the delay exceeds thirty days the late fee is increased to 25 percent of the annual license assessment.

§ 2.5.5. Additional fees and deposit in trust.

Before obtaining a license, a money service provider must deposit at least AF 100,000 in a trust account at DAB. This amount shall be refunded if the dealer subsequently leaves the profession and fulfills all the requirements for closing business specified by DAB within established timeframes.

Additional fees will be determined by DAB for record keeping books issued in accordance with this regulation. These fees will be calculated on the basis of actual production costs to DAB and will be announced periodically by circular.

§ 2.5.6. Effectiveness

This regulation comes into force on the date of enactment by the Supreme Council of DAB and shall be published in the Official Gazette and supersedes all previous versions of this regulation. Any thing contrary to this regulation is null and void.