



CENTRAL BANK  

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of BELIZE

# MONEY TRANSFER SERVICE PROVIDER GUIDELINES

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## **TABLE OF CONTENTS**

<b>INTRODUCTION</b>	<b>3</b>
<b>DEFINITION OF TERMS</b>	<b>4</b>
<b>COMPLIANCE REQUIREMENTS OF MTSB</b>	<b>5</b>
1. Adherence to Exchange Control Regulations and Procedures	5
2. Adherence To Anti-Money Laundering (AML)	5
3. Reporting Requirements	5
4. Due Diligence	5
<b>OPERATING CONDITIONS OF MTSBS</b>	<b>6</b>
<b>ANTI-MONEY LAUNDERING COMPLIANCE</b>	<b>9</b>
1. Identification Documentation	9
2. Identifying Unusual and Suspicious Transactions	9
3. Records Management	11
<b>CLASSIFYING AND RECORDING TRANSACTION</b>	<b>12</b>
<b>APPENDIX</b>	<b>13</b>
<b>RESIDENCY</b>	<b>14</b>
<b>STAMP DUTY EXEMPTIONS</b>	<b>16</b>
<b>FOREIGN EXCHANGE TRANSACTIONS THAT REQUIRES INCOME TAX CLEARANCE</b>	<b>18</b>
<b>GUIDELINES FOR XCH1 TRANSACTIONS</b>	<b>19</b>

## **INTRODUCTION**

Money Transfer Service Provider (MTSPs) in Belize provides personal remittance services to the general populace.

The Central Bank of Belize (Bank) is responsible for the approval, regulation and supervision of non-bank money transfer businesses operating in and from within Belize. This oversight is conducted to maintain public confidence in the integrity of the financial system and the financial service providers in Belize and safeguard the interests of the public.

Given that money transfer businesses may be vulnerable to misuse for money laundering and terrorist financing, a major objective of the Bank is to ensure that money transfer agents guard against this through proper internal systems, controls and policies.

The terms, conditions and procedures that govern the transparent and legally compliant operation of money transfer businesses are contained in this guideline.

## **DEFINITION OF TERMS**

The following terms appearing in this guideline are defined as follows:

A money transfer service provider is a financial service that accepts cash, cheques and other monetary instruments in one location and pays a corresponding sum in cash or other form to a beneficiary in another location by means of a communication, a message, transfer or through a clearing network to which the money/value transfer service belongs. This excludes the Post Office's sale of postal money orders.

A primary agent or agent is the resident operator who enters into an Agreement with an international provider of money transmission, money remittance or money transfer services to provide money transfer services in Belize.

A sub-agent is the person, legal entity or company authorized to act on behalf of the agent by virtue of a sub-agency agreement and by approval from the Central Bank of Belize. The sub-agent forms an integral part of the network of the money transfer operator.

## COMPLIANCE REUIREMENTS OF MTSBs

### 4. Adherence to exchange control regulations and procedures

- I. An "Application for Foreign Exchange" form (XCH1) for each international outbound transaction, regardless of amount, must be filled out by the applicant and these forms should be submitted on a timely basis to the Central Bank.
- II. Stamp duty should be collected, submitted and properly reported to the Bank.
- III. Agents and sub-agents must keep within the authorized approval limit of US\$500.00.
- IV. Transactions should not be structured.
- V. The XCH1 should be properly filled out as required by the Bank.
- VI. The service provider should correctly classify inbound and outbound transactions or provision sufficient details to allow the Bank to properly classify the transactions.
- VII. International settlements must be paid directly into a domestic local currency account.
- VIII. Agents and sub-agents are not authorized to deal in foreign currency with customers or third parties.
- IX. Each location and sub-agent requires an approval to operate.

### 5. Adherence to Anti-Money Laundering (AML)

- X. Identification and verification of customers
- XI. Reporting Suspicious Transactions
- XII. Records Management

### 6. Reporting Requirements

#### Weekly Submissions:

- XIII. Submission of all XCH1 information within 5 working days of subsequent week.
- XIV. Stamp duties within 5 working days of subsequent week.

#### Monthly Submissions:

- XV. Electronic report of all inbound and outbound transactions.
- XVI. Reconciliation of monthly net settlement payments along with activity reports.
- XVII. Bank statements.

### 7. Due Diligence

- XVIII. Provide training for staff and sub-agents on exchange control procedures, reporting requirements and money laundering issues.

- XIX. Frontline processing of customers (i.e. Know Your Customer (KYC) principle).
- XX. Procedures for monitoring or detecting suspicious transaction.
- XXI. Internal controls for ensuring compliance of offices and sub-agents with operating terms and conditions.
- XXII. Having a compliance manual in place and ensure that all employees and sub-agents providing money transfer service are being trained and familiar with these procedures.

## **OPERATING CONDITIONS OF MTSBs**

- 1. Transfers can be between Belize and any other country.
- 2. There are no limits on transfers of foreign exchange into Belize from legitimate sources.
- 3. Outbound international transactions are limited to US\$500.00 without Central Bank's approval.
- 4. All transfers of foreign exchange in excess of US\$500.00 out of Belize must first be approved by the Central Bank of Belize.
- 5. Transactions under the section Capital Account of the Bank's XCH1 form require the Bank's approval regardless of the amount.
- 6. An XCH1 form must be completed for each transaction irrespective of the amount of the transaction. Each completed form must bear the stamp and signature of the agent or sub-agent who conducted the transaction. The Bank will supply the forms at your request.
- 7. MTSPs must ensure that the XCH1 form is completed while the customer is present.
- 8. Individuals transferring money frequently or on a monthly basis should be encouraged to setup a Standing Order with the MTSP agent or sub-agent of their choice.
- 9. Agents shall submit to the Bank on a weekly basis:
  - a) Copies of all XCH1 processed by the local agent and sub-agents. The maximum reporting period must be one week, which shall run from Thursday to Wednesday and the information shall be due no later than five working days after the end of that particular week.
  - b) The following information should be provided on each foreign exchange transfer into Belize:
    - Name and address of sender
    - Name of Recipient
    - Country of origin
    - Date of transfer
    - Amount of transfer
    - Type of transaction

10. All settlements from your affiliated MTSP abroad must be paid directly into a domestic commercial bank, in an account in the name of the Agent to which the approval to operate was given. All transactions related to the MTSP operation must be conducted through this account.
11. Agents in Belize shall submit to the Central Bank on a monthly basis the value of money transfers out and into the country, the value of cash settlements between your affiliated MTSP abroad and agents in Belize and supporting reports from database. The sum of the net settlement payments received during the month must be reconciled with the transactions that occurred during the month. A reporting format is provided for the preceding. The domestic commercial bank that receives the settlement from abroad should be indicated. This report shall be due no later than five working days after the end of the month.
12. All applicable foreign currency exchange rates with the Belize dollar can be obtained from the Bank's website [www.centralbank.org.bz](http://www.centralbank.org.bz).
13. All transfers of foreign exchange out of Belize valued at over US\$50.00 or its equivalent shall be subject to stamp duty at a rate of 1<sup>3</sup>/<sub>4</sub> cent per dollar. Stamp duty due for the week shall be paid to the Bank at the same time the information is furnished as requested under item 9 above.
14. The Bank expects that agents and its international counterparts acquaint itself with the following:
  - I. Exchange Control Regulations and Circulars
  - II. Money Laundering and Terrorism (Prevention) Act 2008
  - III. Money Laundering (Prevention) Regulations 1998
  - IV. Money Laundering Circulars
  - V. Money Laundering (Prevention) Guidance Notes for Banks and Financial Institutions 1998
  - VI. Provisions of the Misuse of Drugs Act of 1990
  - VII. Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Guidelines for Banks, Financial Institutions, Credit Unions and Money Transfer Service Providers

All agents and their international affiliate must ensure that all transactions are in conformity with all existing legislations. Any suspicious activity that arises in this regard should be communicated to the Financial Intelligence Unit (FIU).

15. The appointment of any sub-agent or its establishment of new locations by any agent or by any of its sub-agents to carry out money transfer services in Belize must be approved by the Bank.

## Central Bank of Belize

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16. The Bank must be immediately notified in writing if an approved location or sub-agent has been terminated or relocated and if there is a change in the directorship or management of the agent or any of its sub-agents.
17. The Bank will issue approval to operate money transfer services on an annual basis subject to a review of the operations of agents and its sub-agents to ascertain that all regulations and conditions governing money transfer services are being complied with. An approval to operate is restricted to agent, sub-agent and location.
18. A copy of the signed Agency Agreement should be lodged with the Bank.
19. Approval by the Bank to operate a money transfer service provider assumes that the service is meeting the personal needs of individuals. The Agent is expected to manage its outbound transfers so that the net settlement payments are in Belize's favor and will not burden the domestic system with a net outflow of scarce foreign exchange for net settlement payments in favor of their affiliated MTSP abroad.
20. The Bank has the authority to rescind its approval to operate if the agent or sub-agent has been found to violate the terms and conditions of its approval and transactions are not in conformity with all existing legislations.
21. The Bank reserves the right to specify other terms and conditions.



## ANTI-MONEY LAUNDERING COMPLIANCE

All MTSPs are required to implement an AML compliance program. All AML compliance program must be balanced to the risks presented by the MTSPs location, size, and the nature and volume of the services it provides. The purpose of the AML compliance program is to prevent money laundering issues and to understand how to prevent them.

1. **Identification Documentation** - (See also AML/CFT Guidelines for Banks, Financial Institution, Credit Unions and Money Transfer Services Providers - Section VI 6.2)

As part of the AML compliance, MTSPs should implement customer and verification polices. MTSPs are required to obtain from the customer identification documentation from an official Government of Belize source for all money transfers.

- i. The identification must have a unique identifier number and a picture.
- ii. The document must be valid.
- iii. The customer Identification details must be recorded on the XCH1 application which is as follows:
  - i. Issuing Country
  - ii. Type
  - iii. Number

The following are forms of identification acceptable in Belize:

- Passport
- Social Security Card (SSC)
- Residency Card (must be accompanied by a passport or SSC)
- Driver's License (must be accompanied by a passport or SSC)

MTSP should accept only original documentation. Identification documents such as Political Party Membership Card, School IDs and expired documents are not acceptable.

2. **Identifying Unusual and Suspicious Transactions** - (See also AML/CFT Guidelines for Banks, Financial Institution, Credit Unions and Money Transfer Services Providers - Section VII)

Providing quality customer service involves knowing who your customers are and being alert to those individuals who may wish to use MTSP for illegal purposes. By getting to know your customers, you will be better able to identify suspicious or unusual transactions.

The following list provides examples of questionable activity and behavior that may assist you in monitoring your transaction activity. These examples, by themselves, may not necessarily be suspicious, but they need to be taken into consideration along with other circumstances surrounding the transaction.

### Examples of Unusual Activity

- A customer sends large transactions frequently when the type of business does not receive currency and should have a bank account.
- A customer sends or receives payments that are much greater than what would be expected for that customer.

### Examples of Customers Avoiding Thresholds

- A customer is reluctant to conduct a transaction after being informed that identification information will be required.
- A customer changes the information provided if additional detailed information is requested.
- A customer reduces the transaction amount after learning that it will be reported.
- An individual conducts more than one transaction for a day, where the transfer amounts are below the reporting requirement of \$10,000.00 but the total amount being transferred is equal to or above the reporting requirement.

### Examples Structured Transactions

- One or more customers send money to the same or related receiver.
- A customer routinely conducts multiple transactions in amounts below reporting requirements.
- A customer frequently conducts transactions at different agent or sub-agent locations on the same day.
- A customer enters the MTSP location with another customer, and each transfer funds below the reporting requirements to the same receivers or locations.
- A customer sends BZ\$4,500.00. The next day the customer sends BZ\$6,500.00 to the same person. The customer may be structuring his transactions to avoid the Currency Transaction Report (CTR) reporting requirement. You should consider whether a Suspicious Activity Report (SAR) should be filed.
- A student, unemployed person or low wage earner transfers or receives large sums of money.
- A customer receives small incoming transfers and then makes a large outgoing transfer.
- An individual with a known criminal background conducts a substantial number of transactions.
- A customer comes in several times on the same day to pick up money transfers totaling more than BZ\$10,000.00. You must file a CTR, if you paid out more than BZ\$10,000.00 in cash to a customer. You should also determine whether a SAR needs to be filed.
- A customer wants to transfer \$10,000.00 that he wants to pay with cash. When the customer is told that you need to complete a CTR, he decided not to do the transaction again, or enquire how he could avoid having a CTR be filed on the transaction. You should file a SAR on the transaction or attempted transaction.

- A customer picks up a money transfer from the Agent location. The following day, you discover that the same customer also picked up money transfers at several of your sub-agents on the same day. The customer may be attempting to avoid the reporting requirements. You should consider whether a structured or suspicious activity occurred and file the relevant reports.
- Unusual or suspicious identification documents are provided, or customer refuses to show ID. Ensure that your staff and sub-agents are familiar with the different features and types of Government issued ID.

**3. Records Management** - (See also AML/CFT Guidelines for Banks, Financial Institution, Credit Unions and Money Transfer Services Providers - Section IX)

MTSPs are required to retain all records of transactions (send and receive forms) for a minimum of **five years** until after completion of the business.

Records relating to the verification of customers identity must be retained for a minimum of **five years** from the date in which person ceased to be a customer.

MTSPs must note and retain records if there is an on-going investigation relating to a transaction or client, until advised by the FIU or High Court.

## CLASSIFYING AND RECORDING TRANSACTION

All MTSPs are required to properly classify send and receive transactions. The Bank provides the transaction codes listed in Table 1 that MTSPs must use to classify their transactions:

**Table 1: Send and Receive Transaction Codes**

Code	Send/Outbound Transaction Type	Code	Receive/Inbound Transaction Type
01	Imports (prepayments)	01	Education expenses
04	Travel Fares	02	Family maintenance
06	Vacation travel	03	Gift
07	Medical travel	04	House construction
08	Medical bills	05	Insurance payments
10	Education	06	Medical expenses
31	Family Maintenance	07	Payment for merchandise
35	Gifts	08	Pension
99	If none of the above, explain	09	Rent payment on property held abroad
		10	Subscriptions
		11	Tickets for international air travel
		12	Tickets for international land travel
		13	Vacation expenses
		99	If none of the above, explain

Residency codes are as follows:

**NR = Non-resident**

**R = Resident**

Appendix 1 provides an explanation of residents and non-residents.

To facilitate the uploading of these codes into the Bank's database, MTSPs must ensure residency and transaction codes are recorded in their respective databases for both SEND/INBOUND and RECEIVE/OUTBOUND transactions. The transaction type should be entered first, followed immediately by a forward slash (no spacing) and then the residential residency code. Field for the transaction type should be numeric. For example a customer sending money for family maintenance would be entered as:

**31/R**  
**Transaction Type code/Residency Status code**

# **APPENDIX**

## RESIDENCY

Residency is not determined by nationality.

- A resident is a person, organization or business whose centre of economic interest is Belize and who has reside in the country for at least one year.
- A non-resident is an entity residing in Belize for less than one year and whose centre of economic interest is not in the country.

### Residents:

- Nationals of Belize living in Belize.
- Belizean students abroad, regardless of the length of their stay abroad.
- Belizeans stationed abroad working in Belize's overseas offices.
- Belizeans military (BDF) personnel stationed abroad.
- Belizeans residing abroad for less than one year.
- Nationals of other countries living in Belize for at least one year and who have obtained work permits or permanent resident status
- Contract workers in Belize whose contract is longer than 12 months.
- Immigrants into Belize.
- Belizeans or residents traveling abroad for medical purposes, regardless of the length of stay abroad.
- Businesses, including foreign own subsidiaries or branches, located and conducting business in Belize.
- Retired persons from other countries living in Belize.
- Foreign technical assistance personnel stationed in Belize for more than 12 months.
- Offices of foreign companies that maintain separate accounts in Belize and are subject to income tax and other laws of Belize.

### Non-residents:

- Nationals of other countries residing in Belize for less than one year.
- Nationals of Belize residing outside Belize for more than one year (except Belizean students, diplomats, BDF and residents traveling for medical reasons).
- Foreign students studying in Belize regardless of their length of stay
- Contract workers in Belize whose contracts is for less than 12 months
- Emigrants from Belize
- Diplomats, consular officials of foreign governments working and living in Belize, regardless of length of stay.
- Military personnel of foreign governments stationed in Belize, regardless of length of stay.
- Seasonal foreign workers staying for less than 12 months in Belize.
- Border workers who cross the border frequently to work in Belize but who have their homes in a neighboring country.

- International Business companies (IBC).
- Offshore Banks operating in Belize.

A seasonal worker is a person who enters Belize to work for less than one year, for example, sugarcane harvester, citrus or banana worker.

A border worker is a person who crosses the border daily, or slightly less frequently, but regularly, because they work in Belize but have their permanent home in a neighboring country such as Guatemala and Mexico.

**STAMP DUTY EXEMPTIONS**

By order of the Ministry of Finance the following entities are exempted from the payment of stamp duty on foreign exchange transactions:

- A. Government of Belize
  - 1. Government of Belize
  - 2. Officials traveling on Government business
  
- B. Statutory Bodies
  - 1. Broadcasting Corporation of Belize
  - 2. Belize Tourist Board
  - 3. Central Bank of Belize
  
- C. Regional and International Bodies
  - 1. PAHO/WHO
  - 2. C.D.C.
  - 3. CARDI
  - 4. C.F.T.C.
  - 5. World Bank
  - 6. Peace Corp
  - 7. C.I.D.A
  - 8. UNICEF
  - 9. UNHCR
  - 10. International Rescue Committee
  - 11. Embassies & Diplomats
  - 12. I.M.F.
  - 13. USAID
  - 14. VSO
  - 15. UNDP
  - 16. British Forces Belize (NAAFI)
  - 17. E.E.C. Delegation
  - 18. Caricom Fisheries Resources & Management Program
  - 19. I.D.B.
  - 20. C.D.B.
  
- D. Non-Governmental Organization
  - 1. Red Cross
  - 2. Pride Belize
  
- E.  Holders of Current Foreign Currency Accounts



F. Other

1. Companies incorporated under the IBC Act, 1990
2. Foreign exchange transactions of BZ\$100.00 Or less.

Any entity or individual not listed above who is also exempted from the payment of stamp duty on the purchase of foreign exchange, must present a letter from the Minister of Finance granting them such exemption.

## **Foreign Exchange Transactions that Requires Income Tax Clearance**

1. Reinsurance
2. Audio-Visual Services
3. Financial Services
4. Computer Services
5. Head Office Expenses
6. License Payment
7. Legal Services
8. Accounting Services
9. Architectural Services
10. Engineering Services
11. Scientific and Other Technical Services
12. Mining Oil and Gas Extraction Services
13. Cultural Services
14. Other Business Services
15. Rental of Equipment
16. Business Management Consultancy
17. Dividends, Profits and Property Rental
18. Interest Payments on Deposits
19. Interest Payments on Loans
20. Winnings
21. Currency Deposits

## **GUIDELINES FOR XCH1 TRANSACTIONS**

<b>Foreign Exchange Transactions that can be approved By Money Transfer Services Businesses – Limit BZ\$1,000.00</b>		
<b>Classification</b>	<b>Description</b>	<b>Requirements when applying at Central Bank</b>
<b><u>Current Account</u></b>		
Imports (Prepayments) Exchange Control Circular number 5/2004	Advance payments (full or part) for goods to be imported into the country from abroad. For example, sending money abroad for the purchase of household items, school supplies or clothing.	A proforma invoice with payment made directly to supplier.
Travel Fares	Payment for travel ticket purchased from foreign travel company. Payment made by agents for tickets sold for foreign owned airline, e.g. Belize Global or Taca	a. Proof of purchase of ticket must be returned to CBB. b. Statement of sales by agents.
Vacation Travel Exchange Control Circular number 4/2004	Residents who travel to other countries, for less than one year to engage in leisure activities. For examples holiday, pilgrimage/religious observance; Residents attending funeral abroad	a. Valid passport with appropriate visa b. Valid plane ticket (if necessary) Mexico.
Medical Travel Exchange Control Circular number 4/2004	Residents traveling abroad for medical purposes, including cost to travel and other related cost.	a. Valid passport and appropriate visa b. Valid plane ticket (if necessary) c. Letter from doctor with specified amount.
Education Exchange Control Circular number 17/2006	Payment for education related expense incurred outside Belize. Including boarding, lodging and travel related expense.  Clients transferring money on a regular or monthly basis for educational purposes, should be encouraged to setup a Standing Order.	Original documentary evidence must be provided that payment is due. E.g. I - 20

## **GUIDELINES FOR XCH1 TRANSACTIONS** CONTINUED

<b>Foreign Exchange Transactions that can be approved By Money Services Businesses – Limit BZ\$1,000.00</b>		
<b>Classification</b>	<b>Description</b>	<b>Requirements when applying at Central Bank</b>
Medical Bills number 17/2004	Payment of a medical bill outside the country. For example, payments to hospitals or doctors abroad.	Original invoice or bill and it must be made payable directly to the medical provider. Where invoices lacking or payments to be made to a third party, only CBB can approve.
Family Maintenance Exchange Control Circular number 17/2004	Money sent from an individual residing in Belize to Maintain a family member residing in another country. Individuals that are sending money on regular basis, should be encouraged to setup a Standing Order with the agent or sub-agents of their choice.	Proof of employment/bank statement
Gifts Exchange Control Circular number 17/2004	Monetary gifts sent occasionally to persons residing abroad.	Proof of employment/bank statement