



# **INWARD REMITTANCE RULES AND REGULATIONS 2016**

**ROYAL MONETARY AUTHORITY OF BHUTAN**

**SEPTEMBER 2016**

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## **PREAMBLE**

In accordance with Section 117 of the Royal Monetary Authority Act 2010 and Section 20 of Foreign Exchange Regulations 2013, the Royal Monetary Authority of Bhutan hereby promulgates the following rules and regulations for inward remittance for the authorized banks and authorized money transfer agents to deal with remittance service in the country. These rules and regulations governing the inward remittance are accordingly consolidated in this document hereinafter referred to as the ‘Inward Remittance Rules and Regulations 2016’.

## **CHAPTER I: PRELIMINARY**

### **1. PURPOSE**

These rules and regulations shall apply to authorized banks and authorized money transfer agents for conducting inward remittances for non-resident Bhutanese and *inter alia* the said rules and regulations shall:

- a) Facilitate remittance of savings and earnings to their families and relatives or alternatively for their own savings in Bhutan;
- b) Promote and direct foreign currency inflows into banking channels; and
- c) Provide accessible, timely and secure transactions for inward remittances.

### **2. TITLE AND COMMENCEMENT**

The document shall be hereafter called as the ‘Inward Remittance Rules and Regulations 2016’ and shall be read in conjunction with the Foreign Exchange Regulations 2013 and the relevant guidelines thereto.

These Inward Remittance Rules and Regulations 2016 shall commence with effect from September 16, 2016 as approved during the 117<sup>th</sup> Board Meeting held on September 16, 2016.

### **3. RULES OF CONSTRUCTION**

In this rule and regulation unless the context indicates otherwise, the singular shall include plural and the masculine gender shall include the feminine gender hereafter.

### **4. SUPERSESSION**

This rule and regulation shall supersede the provisions of the existing rules, regulations, circulars, guidelines or notifications concerning inward remittances that are inconsistent with this rule and regulation.

## 5. INTERPRETATION

The authority to interpret this rule and regulation shall vest with the RMA, which, if warranted, may issue such instruction and clarification from time to time as may be necessary to give effect and implement this rule and regulation.

## 6. AMENDMENT

This rule and regulation may be amended in part, or in whole, by the Board/ Executive Committee at its own discretion or based on the recommendation made by the Executive Committee.

## **CHAPTER IIA: INWARD REMITTANCE ACTIVITIES OF AUTHORIZED BANKS**

An authorized bank licensed by the RMA shall deal in remittance activities in accordance with the provision under Section 7 of this Rule and Regulation.

## 7. REQUIREMENT

- a) An authorized bank may apply and obtain a prior written approval of the RMA upon submission of following documents:
  - i. copy of legal agreement entered with overseas principal remittance agent;
  - ii. copy of license and/or approval letter issued to the overseas principal remittance agent by the country where it is operating from, authorizing it to carry out remittance activities;
  - iii. policy, procedure and control put in place by the overseas principal remittance agent to adhere to and protect against anti money laundering and combating financing of terrorism (AML/CFT);
  - iv. audited financial statement of the overseas principal remittance agent for the last 2 years; and
  - v. any other relevant documents prescribed by the RMA from time to time.
- b) An authorized bank shall implement appropriate process, system and control mechanism for remittance activities which shall include the following minimum requirements:
  - i. Standard operating procedures (SOP) for remittance activities to ensure compliance by staff with internal policy and regulatory requirement as well as professional conduct and transparency in dealing with customers. Further, the SOP shall include a comprehensive control procedure for detecting and escalating material operational lapse to the Management and the Board of Directors of the banking institution;

- ii. Policies and procedures on AML/CFT to ensure the effective implementation of AML/CFT measure at the bank's premise and sub-agent for conducting remittance activities, in line with the requirement stipulated under the AML/CFT and other relevant standard issued by the RMA on AML/CFT; and
  - iii. An authorized bank carrying out remittance activity shall seek prior approval from the RMA for any additional agreement or renewal of the existing agreement with its overseas principal remittance agent.
- c) An authorized bank shall formulate innovative remittance account scheme, subject to prior review and approval by the RMA, for the non-resident Bhutanese.

## **CHAPTER IIB: INWARD REMITTANCE ACTIVITIES OF AUTHORISED MONEY TRANSFER AGENTS**

### **8. REQUIREMENT**

- a) Any legal entity other than the authorized bank may apply for license to operate as money transfer agents to the RMA provided that such entity:
  - i. is incorporated in Bhutan;
  - ii. has a physical place of business in Bhutan;
  - iii. holds a valid business license issued by the Ministry of Economic Affairs; and
  - iv. has a proper legal agreement with reputed overseas principal remittance agent.
- b) When applying for an authorized money transfer agent license, each applicant shall submit the following required documents as per *Annexure I* to the RMA:
  - i. valid business license issued by the Ministry of Economic Affairs;
  - ii. passport sized photograph of the business owner;
  - iii. copy of legal agreement with international overseas principal remittance agent with whom the transfer services will be conducted;
  - iv. audited financial statement of the overseas principal remittance agent for the last 2 years;
  - v. adoption of AML/CFT policy and due diligence for remittance;
  - vi. detail of remittance activities in a designated target country and/or location; and
  - vii. standard operating procedures (SOP) along with other required document.

- c) An authorized money transfer agent on approval by the RMA shall have a minimum paid up capital of Nu. 500,000.00 (Nu. five hundred thousand only) in the form of a Bank Guarantee drawn in favor of the RMA;
- d) An authorized money transfer agent shall maintain domestic currency accounts and foreign currency accounts with authorized banks for carrying out remittance activities. Such accounts shall be kept distinct from other bank accounts operated by the authorized money transfer agent;
- e) An authorized money transfer agent's license is specific to each place of business for which it is granted;
- f) A copy of the license must be publicly displayed at the place of business for which it was granted; and
- g) An authorized money transfer agent shall seek prior approval from the RMA for any additional agreement or renewal of the existing agreement with its overseas principal remittance agent.

### **CHAPTER III: ISSUANCE, RENEWAL AND CANCELLATION OF LICENSE**

An authorized money transfer agent licensed by the RMA shall be subject to the following:

#### **9. ISSUANCE OF LICENSE**

An authorized money transfer agent shall be given license after exercising due diligence as per the requirements under Section 8 of this Rule and Regulation.

#### **10. RENEWAL AND CANCELLATION OF LICENSE**

License granted by the RMA to the authorised money transfer agents is valid for one year. The RMA reserves the right to cancel the license if it is not renewed within 30 days from the date of its expiry.

### **CHAPTER IV: APPOINTMENT OF SUB-AGENT**

- 11. An authorized bank and authorised money transfer agent are required to seek prior written approval from the RMA before appointing a sub-agent;
- 12. The sub-agent approved shall remit Ngultrum to the rightful beneficiary on behalf of the authorised banks and authorized money transfer agent;
- 13. The minimum requirements for a sub-agent shall be as per Section 8 a) ii) & iii) of this Rule and Regulation;
- 14. An authorized bank and authorised money transfer agent shall develop clear sub-agent selection criteria and conduct adequate due diligence, supported by proper background check to ensure that the sub-agent meet the standard requirement;

15. The authorised bank and authorised money transfer agent shall be responsible for monitoring and supervising the activities of the sub-agents; and
16. The updated details of such sub-agent shall be submitted after duly filling in the *Annexure II* to the Department.

## **CHAPTER V: FOREIGN EXCHANGE TRANSACTIONS**

17. An authorized bank and authorized money transfer agent shall comply with the provision laid down in this rule and regulation, circular, and directive that the RMA issues from time to time for any foreign exchange transactions:
  - a) Inward remittance by means of money order and other acceptable international money transfer must be received in foreign currencies through an authorized banking channel;
  - b) An authorized bank and authorized money transfer agent shall credit the proceed of any inward remittance in foreign currency to the specified beneficiary's account or cash payout in Ngultrum at the applicable exchange rate on the day of the transactions;
  - c) The proceed of inward remittance shall be paid to the beneficiary after deducting applicable commission and charges if any;
  - d) Any deposit by way of cash/cheque into the Non-residents Bhutanese Ngultrum accounts that are tagged to international debit card and foreign currency account shall not be permitted;
  - e) An authorized bank and authorized money transfer agent shall maintain strict confidentiality of the non-resident Bhutanese accounts; and
  - f) Notwithstanding the provision under Section 17 d) of this Rule and Regulation, the authorized bank and authorized money transfer agent shall report on the following:
    - i. Inward remittance exceeding U.S. Dollar 5,000.00 (USD five thousand only) or its equivalent shall be reported to the Financial Intelligence Unit (FIU) of the RMA;
    - ii. An authorized bank and authorized money transfer agent shall report suspicious transactions or activities to the FIU of the RMA by identifying, among others, the beneficiary and purpose of the remittance; and
    - iii. An authorized bank and authorized money transfer agent shall assure that the foreign currency received is not for the purpose of money laundering and terrorist financing. In an event if the fund is found to be used for these illegal activities, the authorized bank and authorized money transfer agent shall be

liable for appropriate action in accordance to RMA AML/CFT Regulations 2015.

## **CHAPTER VI: FACILITIES & INCENTIVES**

18. A non-resident Bhutanese shall open foreign currency and/or Ngultrum account online through Remit Bhutan system of the RMA with one of the authorised banks in Bhutan as per the terms and conditions issued by the RMA;
19. The foreign currency account opened shall be in USD, EUR, GBP, JPY, AUD, CAD, and INR or any other foreign currency permitted by the RMA from time to time;
20. Non-resident Bhutanese account holder shall be:
  - a) allowed to transfer the funds in the foreign currency account into Ngultrum account at the applicable exchange rate on the day of the transactions;
  - b) allowed to invest in account schemes, such as saving, current and fixed deposit;
  - c) allowed to avail international debit cards and other local cards facilities issued by the authorized bank. The card issued shall be tagged to the non-resident Bhutanese 's account and the limit to the remaining balance in the account;
  - d) allowed full repatriation of the principal amount remitted in the currency of remittance;
  - e) allowed to utilize foreign currency remitted for payment of all current transaction such as import of goods, expenses relating to travel, studies, business, medical treatment, etc as per the Foreign Exchange Regulations 2013 and guidelines in vogue;
  - f) allowed to withdraw cash in Ngultrum in Bhutan; and
  - g) allowed to maintain the foreign currency account upon return to the country permanently.
21. National Pension and Provident Fund (NPPF) may allow Non-resident Bhutanese to participate in voluntary PF system; and
22. Non-resident Bhutanese account holders will enjoy tax incentives that the Royal Government of Bhutan may provide from time to time.

## **CHAPTER VII: RECORDS, REPORTING, AND PROVISION OF INFORMATION**

Notwithstanding, the provision under Section 17 d) of this Rule and Regulation, the authorized bank and authorized money transfer agent shall maintain records, report and provide information to the RMA.

## 23. MAINTENANCE OF RECORD

- a) The authorised bank and authorised money transfer agent shall maintain record of foreign exchange transaction accruing from its remittance business for a minimum period of five years; and
- b) Records required to be maintained under this rule and regulation may be maintained in a secure electronic form or in paper form, provided that the person required for maintaining the records shall be fully responsible for producing the records as and when required by the RMA.

## 24. REPORTING

- a) The authorized bank and authorised money transfer agent shall report the following matters to the RMA:
  - i. details of the foreign currency received by way of inward remittance shall be submitted to the RMA on a daily and monthly-consolidated statement, by the authorized bank and authorized money transfer agent as per *Annexure III*;
  - ii. monthly information on the closing of any foreign currency and Ngultrum accounts of non- resident Bhutanese; and
  - iii. reports shall be submitted to the RMA using the most efficient channels, such as secure file transfer and electronic real-time reporting systems.

## **CHAPTER VIII: INSPECTIONS AND PROCEDURE OF INSPECTION**

### 25. INSPECTION

- a) The Department shall carry out periodic inspections of the authorized bank and authorized money transfer agent. Such inspection shall be conducted in the form of off-site and/or on-site inspection; and
- b) An authorized bank and authorized money transfer agent shall furnish the details and documents, if required, to the inspection team deputed by the Department in accordance with the provisions of clause IX of the Foreign Exchange Regulation 2013.

### 26. PROCEDURES FOR ON-SITE INSPECTION

- a) The Department shall depute a team of officials with an official letter of engagement for on-site inspection;
- b) The team is required to submit the findings in the form of report within seven working days after the inspection; and

- c) The Department may issue a directive to the authorized bank and authorized money transfer agent in case there is any shortcoming or observations reflected in the report. It is the duty of the authorized bank and authorised money transfer agent to comply with the directives issued by the Department from time to time.

## 27. PROCEDURE FOR OFF-SITE INSPECTION

- a) The Department shall conduct off-site inspection of the transaction detail submitted by the authorized bank and agent; and
- b) In case any shortcoming is observed during the off-site inspection, the Department may direct the inspection team to conduct an on-site inspection or it may take necessary additional measures, in accordance with the prevailing rules and regulations.

## **CHAPTER IX: PENALTY**

A person failing to comply with any of the provisions specified in this rule and regulation, including the failure to submit reports on time shall be liable for appropriate penalties as per the relevant rules and laws in vogue.

## **CHAPTER X: MISCELLANEOUS**

### 28. SECURITY SYSTEM

An authorized bank and authorised money transfer agent shall put in place adequate security measures, including insurance in the process of inward fund transfer.

### 29. CLOSURE OF THE ACTIVITY

- a) An authorized bank and authorized money transfer agent shall obtain prior approval from the RMA to close down remittance operation.
- b) An authorized bank and authorized money transfer agent shall notify through media, at least for a month to inform the public of such closure; and
- c) An authorized bank and authorized money transfer agent shall settle any outstanding dues in respect of remittance and shall bear expenses that may incur on closure of the remittance operation.

### 30. RESOLUTION OF IMPEDIMENT

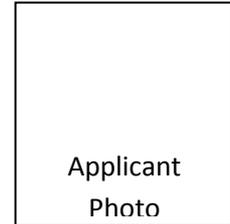
If any impediment occurs while implementing this rule and regulation, the RMA shall exercise its discretion to resolve the issue.

## 31. DEFINITION

- a) 'Authorized bank' means commercial banks approved by the RMA to carry out remittance activities;
- b) 'Authorised money transfer agent' means any legal entity other than authorized bank approved by the RMA to carry out remittance activities;
- c) 'Board' means Board of Directors of the RMA constituted as per the provisions of the Royal Monetary Act of Bhutan 2010;
- d) 'Department' means Foreign Exchange & Reserve Management Department of the RMA;
- e) 'Executive Committee' means committee constituted under Section 56 of the RMA Act 2010.
- f) 'Foreign currency' means any currency other than Bhutanese Ngultrum including convertible currency and permitted foreign currency (Indian Rupee);
- g) 'Form' means the form annexed to this Rule and Regulation;
- h) 'License' means a document issued by Royal Monetary Authority, which permits an authorized money transfer agent to conduct inward remittance services;
- i) 'Non-resident Bhutanese' means a Bhutanese citizen who resides overseas for purpose of employment/studies/ for carrying out business or vocation outside Bhutan;
- j) 'Overseas principal remittance agent' means a firm or company, which has obtained license to conduct remittance business, situated in foreign country to remit foreign currency to the rightful beneficiary;
- k) 'Person' means authorised bank, authorized money transfer agent, and the remitter.
- l) 'RMA' means the Royal Monetary Authority of Bhutan, established as per the RMA Act 2010;
- m) 'Remitter' means non-resident Bhutanese individual remitting fund from overseas;
- n) 'Remittance activities' mean those activities through which foreign currency is remitted to the rightful beneficiary based in Bhutan, converted either into Ngultrum or maintained in foreign currency account, as per the applicable exchange rates; and
- o) 'Sub-agent' means an individual, firm, company or institution appointed by the authorized bank and authorised money transfer agent approved by the RMA to remit Ngultrum to the rightful beneficiary.

**Royal Monetary Authority of Bhutan  
FOREIGN EXCHANGE AND RESERVE MANAGEMENT DEPARTMENT**

Application form for Authorised Money Transfer Agent's License



**1. APPLICANT'S DETAILS:**

Name of Applicant : \_\_\_\_\_  
Citizenship ID Card No : \_\_\_\_\_  
Company/Business Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Details of Location : \_\_\_\_\_  
\_\_\_\_\_

E-mail Address : \_\_\_\_\_

Telephone no. : \_\_\_\_\_

**2. REQUIREMENTS {Please tick the appropriate [√]}**

- a) valid business license issued by the Ministry of Economic Affairs;
- b) passport sized photograph of the business owner;
- c) copy of legal agreement with international overseas principal remittance agent with whom the transfer services will be conducted;
- d) audit report of international overseas principal remittance agent;
- e) adoption of AML/CFT policy and due diligence for remittance;
- f) detail of remittance activities in a designated target country and/or location;
- g) standard operating procedures (SOP) along with other required document.


I hereby declare that the particulars in this application are true to the best of my knowledge. I undertake to strictly abide by the provisions stipulated in the Inward Remittance Rules and Regulations 2016 and Foreign Exchange Regulations 2013. In the event if any default/non compliance, the RMA may revoke the license and be liable to the penalties.

Date:

Place:

(Signature and Name)

Seal

FOR RMA USE ONLY

Date:

Authorized Signatory & Seal

*Annexure II*

**(NAME AND ADDRESS OF AUTHORISED BANK/AURHORISED MONEY  
TRANSFER AGENT)**

**Detailed information of sub-agent**

Sl. No.	Name of the Sub-agent	Address	Date of appointment	Amount (monthly Ngultrum paid out)

*Annexure III*

**(NAME AND ADDRESS OF AUTHORISED BANK/AURHORISED MONEY  
TRANSFER AGENT)**

STATEMENT OF FOREIGN EXCHANGE INWARD REMITTANCE REPORT FOR  
(particular daily/month) \_\_\_\_\_

Date	Beneficiary CID	Beneficiary Name	Remitter Name	Remitter Bank	Remitting Country	Purpose of Receipt	Foreign Currency	Amount	FC Account/ Nu Account/ Nu cash payout	Mode of receipt (Banks / money transfer agents)

Authorized Signature : \_\_\_\_\_

Designation : \_\_\_\_\_

Name : \_\_\_\_\_

Contact No : \_\_\_\_\_

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