

# CENTRAL BANK OF LIBERIA



## PRESS STATEMENT

### CENTRAL BANK OF LIBERIA RESPONSE TO THE CORONAVIRUS DISEASE

March 24, 2020

The outbreak of the coronavirus disease (COVID-19) has been a matter of serious concern to the Central Bank of Liberia (CBL) in relation to the socio-economic impacts. At its recent Monetary Policy Committee meeting held on March 3, 2020, the Board of Governors noted the potential impacts of the pandemic on the global economy, which could likely have adverse pass-through effects on the Liberian economy. The Committee further noted the need of instituting the necessary policy response measures and strategies to mitigate the negative impacts of the pandemic on the Liberian economy.

In the wake of the recent confirmed cases in the country, there has been increasing panic among the population, which has induced uncertainty and negatively affected the business environment as well as the economy at large. The Bank commends the steps taken by the Government of Liberia (GoL) for proactively responding to the situation. The Bank believes that the swift response of the Government and the collective support of all stakeholders will significantly help to contain spread of the virus and reduce the level of unanticipated economic impacts.

In support of this effort, the CBL stands ready to implement the necessary policy response measures within its mandate to ensure stability in the financial system, which is crucial to the smooth functioning of the economy. In this regard, the Bank on March 12, 2020 issued a directive to all commercial banks to put in place mechanisms to safeguard their premises and customers in keeping with the instructions of the National Public Health Institute of Liberia (NPHIL).

In a major effort to ease the economic burdens of the Coronavirus pandemic on the population, and to reduce the need for cash payments, during this period of requisite “social distancing”, the CBL held consultative meetings on March 20, 2020 with both the Commercial Banks and Mobile Money Operators (MMOs). The commercial banks and MMOs have agreed to facilitate more efficient electronic payments and promote digital forms of payments.

Accordingly, the CBL hereby announces the following policy measures arising from the meetings. These policy measures take effect beginning today, March 24, 2020.

1. Use of Electronic Payment Channels:

- (i) All charges on the Automated Clearing House (ACH), Direct Credit (DC) and Real Time Gross Settlement System (RTGS) have been suspended by the CBL for three months. This means that commercial banks are required to suspend all charges to customers related to the services of ACH, DC and RTGS, which shall reduce the cost of clearing, payments and transfers for individuals and businesses.
- (ii) All charges to customers for transfer of money from their bank accounts to mobile money accounts and vice versa, have been suspended for one month.
- (iii) All merchant payments transaction fees (shops, stores, supermarkets, gas stations, general markets, retail outlets, etc) using mobile money as payment option for goods are also suspended for one month.
- (iv) The daily transaction limits for using mobile money to purchase goods and transfers have been adjusted, subject to Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements, as follows, for three months:
  - Level 1 Category has been increased from US\$250.00 to a maximum of US\$500.00 or its equivalent in Liberian dollar;
  - Level 2 Category has been increased from US\$1,000.00 to US\$2,000.00 or its equivalent in Liberian dollar; and
  - Level 3 Category has been increased from US\$2,000.00 to US\$4,000.00 or its equivalent in Liberian dollar.
- (v) The monthly aggregate transaction limits for purchasing of goods and transfers through mobile money have been adjusted, subject to Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements, as follows, for three months:
  - Level 1 Category has been increased from US\$2,000.00 to a maximum of US\$3,000.00 or its equivalent in Liberian dollar;

- Level 2 Category has been increased from US\$8,000.00 to US\$12,000.00 or its equivalent in Liberian dollar; and
  - Level 3 Category has been increased from US\$20,000.00 to US\$30,000.00 or its equivalent in Liberian dollar.
- (vi) All charges for person to person (P2P) funds transfer via internet or mobile money or mobile banking services are suspended for one month.
2. Considering the expected negative impacts of the coronavirus on the cashflows of affected sectors of the economy, which include the aviation, hospitality, tourism, agriculture, and businesses involved in cross-border trading, the CBL hereby temporarily suspends the rules (asset classification and provisioning) on credits to borrowers in those sectors for a period of **three months**. This means that commercial banks and other licensed financial institutions are required to exercise flexibility to borrowers in those sectors and categories of borrowers, including but not limited to flexible restructuring terms, on a case-by-case basis. This forbearance shall not, however, apply to delinquent borrowers prior to the outbreak.
  3. All banks and MMOs are required to put in place preventive measures consistent with NPHIL health protocols and Directives of Ministry of Health. Accordingly, all customers are required to respectfully observe and adhere to these measures.
  4. The CBL reaffirms its commitment of working closely with the banks to ensure availability of liquidity in the system, and assures the public not to panic.

Meanwhile, the CBL wants to further inform the public that its communication campaign shall continue with the aim of increasing public sensitization on the wider usage of electronic payment channels, which are necessary for reducing the spread of COVID-19.

The Bank is closely monitoring unfolding developments as regards the impacts of COVID-19 on the domestic economy, and will not hesitate to convene an emergency meeting to deepen consultation and deliberation on other measures, if required.