CENTRAL BANK OF LIBERIA

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OFFICE OF THE EXECUTIVE GOVERNOR

DIRECTIVE CONCERNING INCREASE IN THE MINIMUM CAPITAL REQUIREMENTS FOR COMMERCIAL BANKS

DIRECTIVE NO. CBL/E-GOV/DIR/001/2026

April 9, 2026

Pursuant to the powers vested in the Central Bank of Liberia (CBL) under the Amendment and Restatement of the Act Establishing the CBL 1999, and the Bank-Financial Institutions and Bank-Financial Holding Companies Act of 2026, the Central Bank hereby issues the following directive:

Purpose

This Directive serves to notify all existing commercial banks and prospective banking license applicants of the CBL's decision to increase the minimum capital requirement for commercial banks from US$10 million to US$15 million, effective December 31, 2026.

This policy initiative reflects the CBL's proactive approach to strengthening the financial system and ensuring that commercial banks are better positioned to support effective intermediation and financial inclusion for sustainable growth.

Justification

This policy reform is a forward-looking measure designed to enhance competitiveness, strengthen resilience, stability, and efficiency of the banking sector and foster sustainable economic development. This policy shift is grounded in both macroprudential and micro-prudential considerations and aligns with CBL's mandate to ensure a sound, stable, and efficient financial system.

The Central Bank will implement this transition in a phased and consultative manner over three years to allow banks sufficient time to adjust their capital positions and business models. The rationale for this policy decision is based on the following key considerations:

Enhancing Financial Sector Resilience

The new capital requirement is essential to enhance the resilience of the banking sector against economic shocks and operational risks. A stronger capital base serves as a buffer to absorb losses without endangering the solvency of banks. This is particularly important, because the Liberian economic environment is prone to external shocks such as commodity price fluctuations, exchange rate volatility, and other global uncertainties.

Promoting Financial Deepening and Stability

A higher capital threshold is expected to promote financial intermediation by enabling banks to underwrite larger loans (which will reduce the frequency for dispensation on the single obligor limit), expand credit access to productive sectors, and invest in new technologies and services. Larger capital buffers will also support long-term stability, reduce reliance on short-term funding, and encourage better corporate governance and risk management.

Encouraging Responsible Market Participation and Consolidation

The new capital requirement will act as a market filter, encouraging only serious, well-resourced investors to enter the banking sector, leading to fewer but more robust and well-capitalized institutions. This is expected to improve operational efficiency, reduce regulatory burden, and foster healthier competition in the market.

Supporting Digital Transformation and Innovation

As Liberia's banking sector modernizes and increasingly adopts digital financial services, higher capital levels are critical to support investments in cybersecurity, IT infrastructure, and fintech partnerships. This ensures capability of banks to absorb the upfront costs of innovation, while safeguarding against evolving technology-related risks.

Improving Public Confidence in the Banking Sector

By requiring banks to maintain higher levels of capital, the CBL reinforces public confidence in the solvency and sustainability of commercial banks. Depositors, investors, and international partners tend to be more assured of the system's capacity to withstand financial and economic disturbances.

Applicability and Implementation Timeline

Existing Commercial Banks

The existing commercial banks are required to comply with the new capital requirement in a phased manner over three (3) years, as detailed in the table below:

No	Minimum Required Capital Position	Compliance Deadline
1	US$11 million	December 31, 2026
2	US$12.5 million	December 31, 2027
3	US$15 million	December 31, 2028 (Final)

New License Applicants

All entities applying for a commercial banking license on or before the effective date of this Directive, or whose applications are currently under review, must meet the new minimum capital requirement of US$15 million in full prior to license issuance.

Compliance and Enforcement

Commercial banks that fail to comply with this Directive will face regulatory actions as deemed appropriate by the CBL, including but not limited to restrictions on business expansion, suspension of certain operations, or potential revocation of banking license.

For any inquiry regarding this directive, please contact the Regulation and Supervision Department of the CBL.

Henry F. Saamoi
Executive Governor