

**DIRECTIVE ON EXPANSION AND CLOSURE OF BANKING  
AND/OR WINDOWS**

**Introduction**

This directive is an amendment to the Directive regarding establishment of bank branches issued by the CBL on January 9, 2007. Accordingly, this directive, in addition to establishment of bank branches, extends to the establishment of all banking outlets and/or windows.

Any bank wishing to expand its commercial activities in the form of a branch, annex, cash center or window, or banking outlet of any form, including money transfer services, must receive a prior written approval of the Central Bank of Liberia (CBL) before commencing any organizational or related work.

For the purpose of this directive, a branch is defined as an extension of a bank in an identified location, for the purpose of conducting basic banking services, including accepting deposits, granting credits and performing payment services.

**Opening of Branches**

For a commercial bank to be allowed to open a branch office or window, it must satisfy the following conditions:

1. Demonstrate a strong financial performance as well as safe and sound banking practices.
2. Submit a feasibility report and/or business plan indicating:
  - (i) The level of economic activities – actual and potential – in the area where the branch office is to open which should be adequate for the sustainability and viability of the branch;
  - (ii) Competition/number of bank branches or windows in the area;
  - (iii) Range of products and services to be provided;
  - (iv) Estimated capital expenditure and other operating costs for the proposed branch with breakdown of the estimates. The capital expenditure on the branch shall be neither too small or too large in relation to the projected magnitude of its operations or investments in other areas; and
  - (v) A five-year financial projection – Balance Sheet and Profit & Loss Accounts – including notes and assumptions for the projections. The

projected financial statements should show that the branch will breakeven within a maximum of three years.

3. Demonstrate that it has the requisite manpower to run the branch efficiently and effectively.
4. Submit the operational, administrative and internal controls manuals that will guide and control the activities of the branch or window.

Upon satisfactory review of the above requirements, the CBL may grant provisional approval for organizing a branch, an outlet or window. However, to be given final approval to open a branch, an outlet, or a window to the public, the applicant must satisfy the following requirements, subject to a pre-opening inspection.

5. That premises and/or facilities of the branch or window are convenient and sufficiently spacious for the banking public, lighted and ventilated;
6. That the proposed branch, outlet or window has a secured vault and cages with deposit boxes;
7. That the proposed branch, outlet, or window has an adequate Information Technology to ensure regular monitoring of activities by the Head Office;
8. That premises and facilities of the branch are secured and guarded round the clock by professional security personnel; and
9. Any other information as may be required by the CBL.

### **Closure of Branches**

Regarding the voluntary closure of a branch, the bank shall provide the CBL the following requirements:

- (i) Justification for the closure – rational and strategy;
- (ii) Latest financial information of the subject branch or window;
- (iii) Re-location or deployment of staff; and
- (iv) Arrangements to cater for customers – impact & management of closure, including settlement of deposit claims.

The CBL may also require the closure of a branch if, in its judgment, the branch is not viable or sustainable.

**Establishment of other banking outlets**

Any bank wishing to establish any other banking outlets, such as cash centers or teller windows, must submit to the CBL detail information regarding the operations and activities of the outlet or window, including the estimated cost for such projects.

**Penalty for Non-compliance**

Any bank that fails to obtain the approval of the CBL before commencing any organizational work such as construction, renovation, or other related work or activities on a branch, an outlet or a window, will be subjected to appropriate supervisory sanctions, including but not limited to non-approval of such branches, outlets or windows.

The Directive takes effect from June 8, 2009, and shall remain in force until otherwise advised by the CBL.

Signed: \_\_\_\_\_  
**CENTRAL BANK OF LIBERIA**