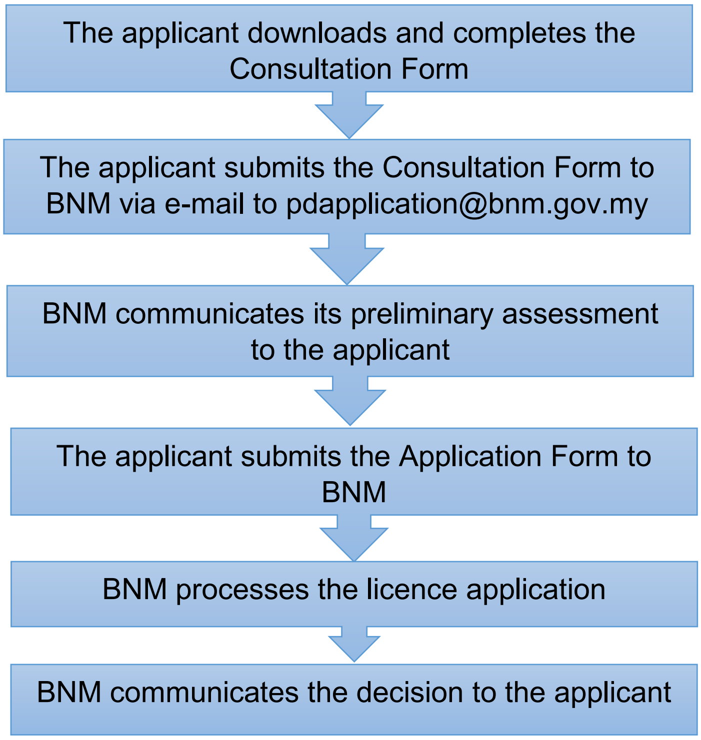
Money Services Business Licence Application under the Money Services Business Act 2011 - Frequently Asked Questions and Answers (FAQs)

Introduction

These FAQs are intended to provide clarifications on the application for a licence to carry on money services business (MSB) i.e. money changing, remittance or wholesale currency business under the Money Services Business Act 2011 (MSBA).

Important Note - It is an offence under section 4(4) of the MSBA to conduct money changing, remittance or wholesale currency business without a licence. The offence is punishable with a fine not exceeding RM5,000,000, imprisonment for a term not exceeding 10 years or both.

No.	Questions	Answers
1.	Who can apply for a licence?	Only a company incorporated under the Companies Act 2016 or any corresponding previous written law is allowed to apply for a licence. An application from an individual, sole proprietorship or partnership will not be considered.
2	How to apply for a licence?	Prior to submission of a licence application, an applicant is required to consult Payment Services Oversight Department, Bank Negara Malaysia (BNM) on the proposed business model and value proposition. The applicant is required to clearly exhibit the <u>main value proposition</u> in its proposal including- (a) business model that could fill the gaps in the MSB industry; (b) able to meet the demand of the underserved and/or unserved market (to provide feasibility studies); and (c) contribute towards modernisation of the MSB industry. The Consultation Form can be downloaded at the following link: Consultation Form BNM will communicate its preliminary assessment based on the information contained in the Consultation Form to the applicant on whether the expectations for a new licence have been fulfilled. The Application Form for a licence will only be provided to the applicant if the applicant wishes to proceed with the application after the preliminary assessment has been communicated. **Disclaimer:** The preliminary assessment is <u>not an approval to issue licence nor endorsement to the proposal</u> presented to BNM.

No.	Questions	Answers
		An actual application for MSB licence under section 5 of the MSBA only takes place when the applicant submits the Application Form after the communication of the preliminary assessment. The application process is illustrated as follows: 
3.	What are the main considerations for a MSB licence's approval?	Consideration for a licence to conduct MSB will be made based on the requirements under section 6(1) of the MSBA, amongst others - (a) the key responsible persons (KRPs) (i.e. substantial shareholder, director, chief executive officer and manager) of the applicant meet the minimum criteria of a "fit and proper" person as prescribed under the Money Services Business (Minimum Criteria of the "Fit and Proper" Person) Regulations 2012 [*P.U. (A) 68/2012*]; (b) the applicant has a sound business plan (value proposition), adequate governance arrangements and internal control mechanisms to manage MSB operations and risks of money laundering and terrorism financing; and (c) the applicant has financial capability to satisfy the capital requirements as prescribed under the Money Services Business (Minimum Capital Funds) Regulations 2011 [*P.U. (A) 392/2011]* .

No.	Questions	Answers
4.	Is there any requirement on capital funds?	Yes. The capital funds requirement is only applicable upon approval of licence based on the following Regulations: (a) Money Services Business (Minimum Capital Funds) Regulations 2011 [*P.U. (A) 392/2011*]; (b) Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2012 [*P.U. (A) 345/2012*]; and (c) Money Services Business (Minimum Capital Funds) (Amendment) Regulations 2013 [*P.U. (A) 383/2013]*. However, the applicant must provide relevant documents together with the Application Form to substantiate its ability to comply with the capital requirements.
5.	If the applicant conducts business digitally across the globe, must the applicant set up a physical office in Malaysia?	Yes, the applicant is required to set up a physical office in Malaysia.
6.	Will BNM process my application if I did not submit complete information and documents as required?	No. Incomplete application will be returned and the applicant can only resubmit after one (1) month from the date the Bank returns the application.
7.	Is the applicant required to pay a processing fee for the MSB licence application?	No. The applicant will only be required to pay fees as prescribed in the Second Schedule of Money Services Business (Licensing) Regulations 2012 [*P.U. (A) 70/2012]* after the applicant has been granted approval for a licence.
8.	Is there any deadline or submission window period to apply for a MSB licence?	No. However, an applicant whose application has been rejected can only resubmit a fresh application after six (6) months from the date of the Bank's letter of rejection.
9.	Is there any other option to conduct MSB without the need to obtain a licence from BNM?	A person may conduct MSB without the need for a licence if it is appointed as an MSB agent by an approved principal licensee. In order to do so, the person may approach and deal directly with an existing licensee, particularly those that have been approved by BNM to appoint agents under section 43 of the MSBA. List of the approved principal licensees can be accessed at the following link: https://www.bnm.gov.my/documents/20124/1326831/List_of_principals_240712.pdf Note - Under the MSBA, the principal licensee is required to obtain BNM's approval for the appointment of MSB agents. In

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		general, the principal licensee will provide the MSB system, relevant standard operating procedures and appropriate training on the MSB to its appointed MSB agent.
10.	What is the average time taken by BNM to respond to the submission of the Consultation Form?	The Bank will provide the necessary response to the applicant within 14 business days upon receiving the Consultation Form.
11.	Can an applicant amend its Application Form (e.g. amendment to the business model) after submission to BNM?	Yes. However if there is an amendment to the business model, the applicant is required to withdraw the application and resubmit a Consultation form to the Bank.

Should you have additional related queries, please submit your queries via any of the following channels:

(a) Mail : Director
Payment Services Oversight Department
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur

(b) E-mail : pdapplication@bnm.gov.my