



CASE STUDY

GTS-Retail elevates efficiency and compliance across Zambia's bureau de change sector

*IMX Software has completed the rollout of a centralized, real-time system that allows the **Bank of Zambia** to monitor foreign exchange transactions processed by all licensed bureau de change operators across the country.*

The global leader in currency trading technology
www.imxsoftware.com

The client

The Bank of Zambia, the central bank of the Republic of Zambia, strives to achieve price and financial system stability to foster sustainable economic development.

Among its other responsibilities, the Bank of Zambia licences and regulates the country's foreign exchange retailers, including Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) supervision.

The challenge

The bureau de change sub-sector has flourished in Zambia following the liberalisation of the economy and the abolishment of the Exchange Control Act in 1994. The Association of Bureau de Change in Zambia today has 73 members with over 120 branches and continues to grow fast. Many of these forex retailers are small, owner-managed currency shops with manual business processes and weak governance and accounting controls.

The high frequency of cash transactions, coupled with the fact that most customers do not have a long-term, repeat relationship with the bureau de change, heightens the risk of money laundering. Most bureaus de change do not have the tools, processes or inclination to carry out rigorous customer due diligence reviews for each deal. The challenge is compounded by the fact that the retail forex sector is not a high priority for the Bank since these institutions process less than 5% of Zambia's commercial bank foreign exchange transactions. The Bank has limited resources to supervise the sector and no effective way to monitor transactions across bureaus de change for AML monitoring.

The Bank limits foreign exchange transactions per individual per day to the equivalent of US\$1,000 and to \$100,000 per bureau de change per day, making it more difficult to launder large amounts of money. However, this approach relies heavily on bureau managers and owners and does not mitigate risk because customers and bureaus easily beat the system.

The tellers have a personal incentive to bypass the transaction limits through transaction-splitting because bigger transactions mean more profit for the bureau and higher commission for them. In addition, the tight foreign exchange limits stifle business in Zambia and impair operational efficiency for the bureaus, who need to hire more cashiers if they want to book more sales. Limiting them to a 2% spread between buying and selling rates squeezes their profit margins.

Our solution

In 2015, The Bank of Zambia started the search for a technology solution that would enable it to provide structure to how the currency retailers conduct their business as well as provide real-time visibility of bureau de change transactions. It chose IMX Software's GTS-Retail to provide an automated system to track bureau de change transactions as they occur against a central customer database.

The reasons the Bank chose GTS-Retail include:

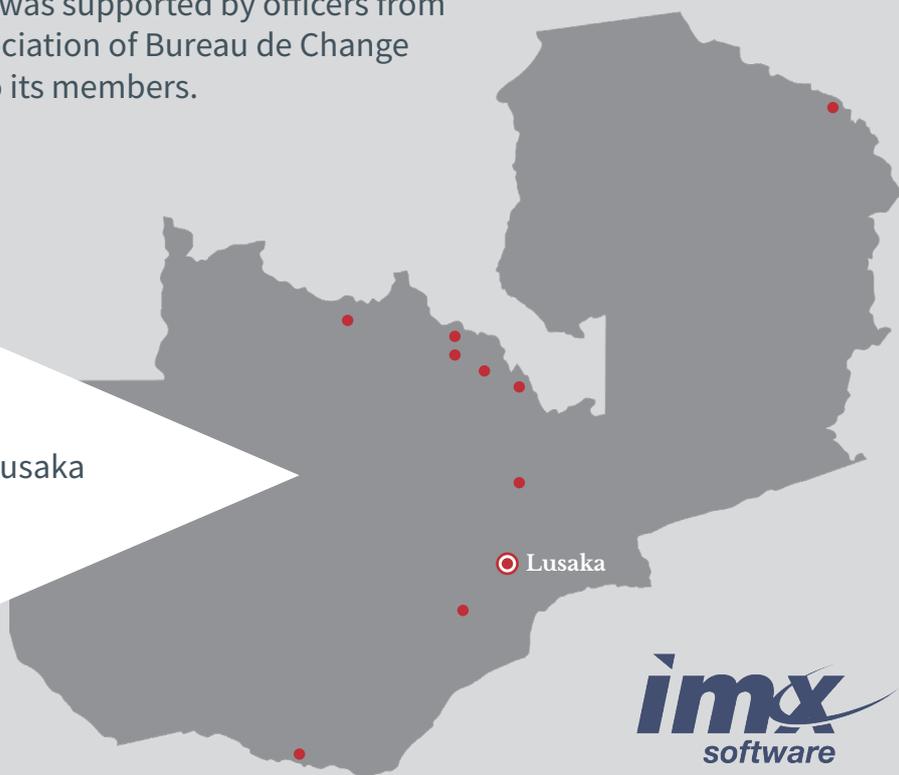
- > Bureaus de change without IT departments can adopt the solution with no need for in-house technology expertise.
- > It is a hosted solution that is proven to work in Africa across a range of connectivity methods.
- > The system can handle the needs of multi-branch bureaus.
- > The system is affordable enough for the Bank of Zambia to subsidise the cost for all bureaus.
- > It allows private operators to trade completely independently from each other, while giving only the Bank of Zambia a global view of activity.
- > GTS-Retail has readily available sanctions lists and other features to support reporting of larger cash transactions and suspicious transactions.
- > Bank of Zambia surveillance officers are able to monitor trading activity across the entire industry from a computer, tablet or smartphone.

“GTS-Retail enables the Bank of Zambia to boost efficiencies throughout the sector while elevating our ability to monitor and supervise a rapidly growing part of the Zambian financial sector, even with our limited resources.”

- **Joseph Munyoro**
Assistant Director
Bank of Zambia

IMX partnered with a local company, Signal Trade, to roll the GTS-Retail solution out to bureaus nationwide. The rollout was supported by officers from the Bank of Zambia and the Association of Bureau de Change assisted with communications to its members.

Following project discovery and a pilot in 2016, IMX implemented the GTS-Retail hub software at the Bank of Zambia's head office in Lusaka and rolled out the GTS-Retail Point-of-Sale software to over **120** bureau de change branches across the country.



Business benefits delivered

The software enables the Bank of Zambia to efficiently and cost-effectively discharge its AML/CFT supervisory responsibility in the bureau de change sector. The central bank now has the tools it needs to enforce compliance with foreign exchange and AML/CFT regulations such as customer transaction limits. It can also view the aggregated value of transactions performed by a customer – in real time – irrespective of where he or she transacted.

Bureaus will benefit from computerisation of their processes, in turn allowing them to deliver a better and faster customer service while reducing their costs. Automation has eliminated manual receipts and returns across the sector, improving operational efficiencies for the Bank of Zambia and the bureaus.

Newly announced features in GTS-Retail that allow for automated scanning and validation of identity documents will further streamline the customer on-boarding process. This will have the added benefit to the bureau operators of automatically populating the customer details without requiring the teller to capture them.

In future, the system paves the way for the Bank of Zambia to relax transaction limits imposed on the bureau de change sector.

“Supervisors and tellers have embraced GTS-Retail. IMX has managed the change from a paper-based system with limited controls, to a fully automated system in a pragmatic manner. Bureaus appreciate the ease-of-use, short transaction times and the automated balancing and end-of-day processes in GTS-Retail.”

- Paul Kalumba

President

Association of Bureau de Change Zambia

“The Bank of Zambia deployment is an innovative approach for the industry and we expect to deliver this new industry model to other developing markets where central banks are struggling to apply AML/CFT regulations and monitoring to the retail forex industry.”

- Rob Stansell

Managing Director

IMX Software South Africa

About IMX

A global leader in regulator-compliant currency trading technology, IMX Software specializes in delivering enterprise-grade software-as-a-service (SaaS) solutions to wholesale banknote dealers, foreign exchange retailers and remittance operators in 25 countries.

Our solutions are at work globally in major banking and money service organisations including Thomas Cook, American Express, ANZ Bank, Credit Suisse, Commerzbank, RBS Group, Moneycorp, Change Group, Rand Merchant Bank, FOREX Bank, Travel Money Group and the Central Bank of Zambia.

For our retail clients we automate the sales and compliance processes for foreign currency, remittance and prepaid travel money cards via point-of-sale, online and mobile channels including support for the most stringent international anti-money laundering and KYC regulations.

For our wholesale clients we automate the trading, logistics and compliance processes that support the dealing, distribution and settlement of high value bank note and precious metal trades to the exacting standards demanded by banks and regulatory authorities.

For more information visit www.imxsoftware.com.

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