



Republic of Somaliland
8th High Level Aid Coordination Forum



Bank of Somaliland

Financial Regulations Reform

Presented by
The Governor
Bank of Somaliland



Purpose and Structure

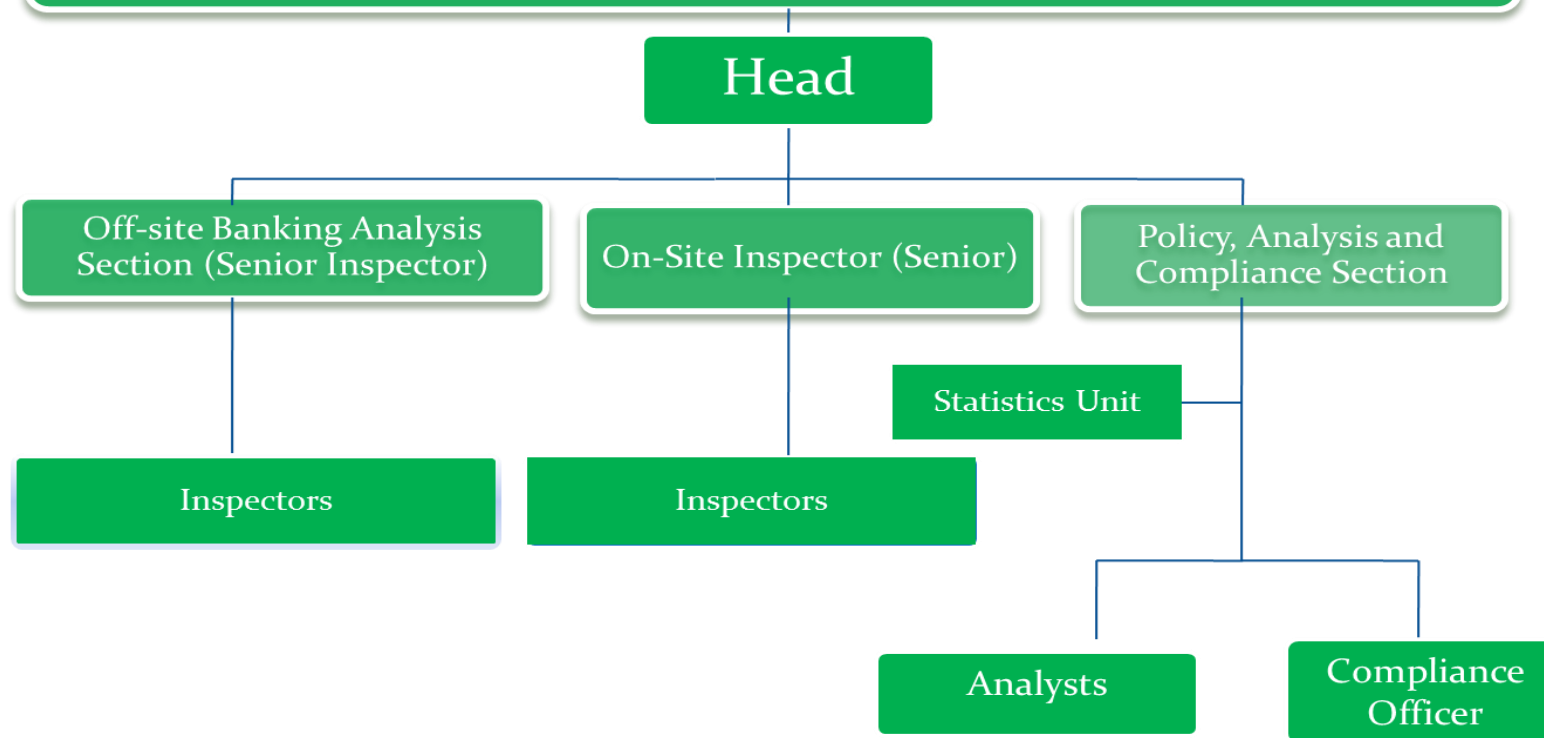
- Bank regulation and supervision unit is under the Deputy Governor's Office.
- Purpose: Responsible for the execution of BoS's financial system stability objective at the operational level.
- To foster the liquidity, solvency and proper functioning of a stable market based financial system, and to promote a safe, sound and efficient national payment system



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Organizational structure for Bank Regulation and Supervision Unit





Achievements

- Bank of Somaliland Act passed in 2012 providing legal authority to BoS to license, regulate and supervise all types of financial institutions
- Islamic banking law passed in 2012 to formalize Islamic banking business
- Bank supervision unit established and staff trained – with World Bank assistance – on regulation and supervision of banks, including trainings on AML/CFT.



Achievements

- *“Transitional policy for licensing, registration and regulation of banks and other financial institutions”* approved by Board of BoS
- *“Guidelines for the Licensing of Banks and Financial Institutions”* approved by the Board of Directors.
- Both documents drafted with in-house advise by World Bank.



Achievements

- Anti money-laundering bill submitted to Council of Ministers.
Bill approved by the Council.
 - The bill establishes the legal framework to prevent money laundering and terrorist financing.
- World Bank provided invaluable inputs to AML bill.
- Remittance bill drafted and submitted to Council of Ministers for approval.
 - The bill will formalize money remittance business.



Achievements

- Establishment of Somaliland shillings payment system in the mobile money transfer
- Issued licenses to major money changers in Hargeisa, Burao and Borama: 70 have been properly registered and licensed.
- Issued regulations to exchange 30% of all inbound remittances into Somaliland Shillings to stabilize exchange rate



Challenges

- Foreign currency reserves non-existent.
- Continued delay of the Conventional Banking Law – the greatest challenge so far.
- Capacity gap in Supervision Unit: supervisory tools and trainings considered necessary.



Challenges

- Statistics & Research Department of the Bank lacking training on data collection and analysis.
- Non-recognition of Somaliland.