PROSPECTS FOR ISLAMIC MICROFINANCE UNDER THE EXISTING LEGAL AND REGULATORY FRAMEWORK IN LIBERIA

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ABSTRACT

There is no specific regulation or legislative framework for Islamic microfinance operations in Liberia. This is largely due to the non-application of Islamic laws in the country, despite the increasing economic strength of Muslims in the country. This article aims to examine whether the existing laws in Liberia permit the establishment and operation of Islamic microfinance. The research employed a qualitative analytical approach, which examines legal and regulatory framework for the microfinance sector in Liberia. The materials and data which include related laws were collected, and analysed inductively to suit the needs of the research. This article argues that, the existing laws including the Liberian constitution and other relevant financial regulations such as, the Central Bank of Liberia Act of 1999, the New Financial Institutions Act of 1999 and the Microfinance Policy and Regulatory & Supervisory Framework for Liberia (MPRSFL) have no objection to the introduction of Islamic microfinance in the country. This research is a first to appraise critically some relevant laws on the legal framework of microfinance in Liberia and its relevance to Islamic microfinance. The Financial Institutions Act of 1999 confers on the Central Bank of Liberia the powers to regulate and supervise all financial institutions in the country, including the microfinance providers. The article concludes that the stakeholders need to continue supporting the microfinance sector, including Islamic microfinance in Liberia by building an appropriate legal ecosystem that providing for a smooth running of microfinance programmes in the country.

Keywords: legal aspects of microfinancing, regulating banking, Islamic microfinance, banking and Islamic banking in Liberia.

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PROSPEK UNTUK MIKRO KEWANGAN ISLAM DI BAWAH KERANGKA UNDANG-UNDANG DAN PERATURAN SEDIA ADA DI LIBERIA

ABSTRAK

Tiada kerangka peraturan atau perundangan spesifik untuk operasi mikro kewangan Islam di Liberia. Ini adalah kerana tiada penggunaan undang-undang Islam di dalam negara walaupun kekuatan ekonomi Muslim semakin bertambah di negara ini. Artikel ini bertujuan untuk mengenal pasti samada undang-undang yang sedia ada di Liberia membolehkan penubuhan dan operasi mikro kewangan Islam. Kajian ini menggunakan pendekatan kualitatif analitik, yang bertujuan mengenal pasti kerangka undang-undang dan peraturan untuk sektor mikro kewangan di Liberia. Bahan-bahan dan data yang dikumpul termasuklah undang-undang yang berkaitan, dan dianalisa secara induktif untuk menyesuaikan keperluan kajian. Makalah ini berhujah bahawa undang-undang sedia ada termasuklah perlembagaan Liberia dan peraturan kewangan lain yang berkaitan seperti Akta Bank Pusat Liberia 1999, Akta Institusi Kewangan Baru 1999 dan Kerangka Polisi Mikro kewangan dan Perundangan & Penyeliaan Liberia (MPRSFL) tidak membantah untuk memperkenalkan mikro kewangan Islam kepada negara. Kajian ini pertamanya menilai secara kritikal beberapa undang-undang yang berkaitan dalam kerangka perundangan mikro kewangan di Liberia dan kaitannya terhadap mikrokewngan Islam. Akta Institusi Kewangan 1999 memberi kuasa kepada Bank Pusat Liberia untuk mengawal dan menyelia semua institusi kewangan di dalam negara termasuklah penyedia mikro kewangan. Makalah ini menyimpulkan bahawa pihak yang berkepentingan perlu meneruskan bantuan kepada sektor mikro kewangan termasuklah mikro kewangan Islam di Liberia dengan membina ekosistem undang-undang yang sesuai yang memberikan kelancaran dalam program mikro kewangan negara.

Kata kunci: aspek perundangan mikro kewangan, pengawalan bank, mikro kewangan Islam, perbankan dan perbankan Islam di Liberia.

INTRODUCTION

The outreach of microfinance in Liberia[1] is still in its infant stage after the country recovered from the war which ended in 1997. This adversely affected all sectors of the country's economic growth. Notwithstanding, there have been some efforts to create legal and regulatory framework for microfinance in Liberia. The current efforts made on establishing such framework on microfinance in Liberia are mainly based on the conventional based-microfinance system.[2] Under the conventional based-microfinance principles, interests are charged

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1 Historically, Liberia is the only African country that received and welcomed about 5% of Americans in the year 1822 to live with the indigenous Africans. After some years, it became an independent and sovereign state in 1847. As a sovereign state, the country's first constitution is the 1847 Constitution where other laws drew their powers and relevance inclusive of the court rulings and pronouncements. See Samuel Wai Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," *Cover Page Was Compiled by Dr. William B. Kory, with Cartography Work by Joe Sernall*, 2012, 47; Charles H Wesley, "The Struggle for the Recognition of Haiti and Liberia as Independent Republics," *The Journal of Negro History* 2, no. 4 (1917): 377. Liberia has dual legal systems, namely, Statutory Law and the Customary Law. See Chapter 7, Article 65 of "Constitution of the Republic of Liberia," 6 January 1986, accessed June 11, 2016, http://www.unhcr.org/refworld/docid/3ae6b6030.html [accessed 12 July 2010]. The former which is based on the Anglo American Common Law was created by the freed slaves from the United States of America known as the Americo-Liberians who resettled in Liberia. In other words, the Americo-Liberians who constitute only 5% of Liberia's population brought with them the Anglo American Common Law when they resettled together with the indigenous African citizens of Liberia. See Hanatu Kabbah, "A Guide to the Liberian Legal System and Legal Research," accessed December 7, 2015, http://www.nyulawglobal.org/globalex/Liberia.html.; "Liberia: Resurrecting the Justice System, Africa Report N°107," 2006, 7., http://www.crisisgroup.org/~/media/Files/africa/west-africa/liberia/Liberia Resurrecting the Justice System.pdf. It was then recognised as Statutory Law under the Constitution. See Chapter 7, Article 65 of "Constitution of the Republic of Liberia."

2 Central Bank of Liberia, "Microfinance Policy and Regulatory & Supervisory Framework for Liberia" (Central Bank of Liberia, 2009), http://www.cbl.org.lr/doc/lsf/MICROFINANCEMERGEDDOCS.pdf, at 7.

on the loans which are mainly relied on by women. These have excluded some citizens of the country, particularly the Muslims as they constitute twenty-five per cent or more of the population[3] that abhor interest-based principles which are considered to go directly against their faith.[4] Hence, despite the increasing economic strength of Muslims in Liberia, microfinance in the West African country remains unpopular amongst Liberian Muslims and Islamic microfinance is non-existent. This is unfortunate because neighbouring countries such as Nigeria and Ghana have since continued to benefit from Islamic microfinance institutions which have been enabled by existing banking regulations in those countries.[5]

The main objective of this article is to examine the potential of establishing the Islamic microfinance system in Liberia under the existing laws, primarily by looking at the Constitution of Liberia, the Central Bank of Liberia Act of 1999 and the New Financial Institutions Act of 1999. The research methodology employed was based on a qualitative analytical approach, which examines the legal and regulatory framework for the microfinance sector in Liberia. Relevant provisions from the existing laws were analytically interpreted. Against this backdrop, this article further examines the prospect for introducing Islamic microfinance under the above-discussed regulations, after a brief introduction to the evolution of microfinance in Liberia.

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3 James S Guseh, "Liberia: A Country in Search of Identity and Unity," *Liberian Studies Journal* 22, no. 1 (1997), at 43; see also Giorgio V Brandolini and Mohammad Tigani, "Liberia Environmental Profile," *Financed by European Commission and Presented by Agreco GEIE*, 2006, 11. According to other sources, the Muslim population is between (20%) to (35%). See James S Guseh, "Liberia: A Country in Search of Identity and Unity," *Liberian Studies Journal 22,* no. 1 (1997): 43; Brandolini and Tigani, "Liberia Environmental Profile," 30; see also Özgür Kavak, "The Liberian Muslims" (iSAMER, n.d.), https://insamer.com/en/liberian-muslims_1077.html.

4 Qur'an, *al-Baqarah* 2: 275.

5 Central Bank of Nigeria, "Guidelines on The Regulation and Supervision of Non-Interest (Islamic) Microfinance Banks In Nigeria." 1-3; see J Mbawuni and S G Nimako, "Introduction of Islamic Banking and Finance in Ghana: Opportunities and Challenges," *Researcher Journal of Islamic Banking and Finance* 4 (2016): 62.; see also Aba Wilmot, "Patronage Prospects of Islamic Banking and Finance in Ghana" (Ashesi University College, 2017).

MICROFINANCE IN LIBERIA: AN OVERVIEW

The savings and credit provisions which are considered as a form of microfinance are not a new phenomenon in Liberia. This means that, before the microfinance initiative in Liberia, the populace already had their own traditional grassroots' empowerment programmes. These programmes cover Rotating Savings and Credit Associations (ROSCAs) known as "*Susu*", the Accumulated Savings and Credit Association (ASCrAs) known as 'Yearly Club' and the Daily Savings programme.[6] In most cases, these programmes are based on an African system of rotational contribution whereby a group of people agreed to make periodic contributions of equal amount and give to a member. Next time a similar amount would be contributed and given to another member. This is how it will continue until it goes round, and it starts again based on the mutual agreement of the group members. Currently, the programmes are classified as one of the microfinance instruments in the country. It is commonly known as informal lending mechanisms.[7]

In the Liberian context, the term 'microfinance' is defined as a "provision of financial services to the poor -who live on less than 1USD a day- and low-income people."[8] Meanwhile, The Liberian microfinance sector can be considered to be in its infancy compared to developments in other countries across the world. The United States

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6 Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 41-42.

7 "AccessBank Liberia 2013 Annual Report," 6., accessed May 25, 2016, http://accessholding.com/export/sites/accessholding.com/PDF_Resources/ABL_Annual_Report_2013.pdf.

8 Section 3.1 (i) (ii) (iii) (v) of the "Microfinance Policy and Regulatory & Supervisory Framework for Liberia" (Central Bank of Liberia, 2009), http://www.cbl.org.lr/doc/lsf/MICROFINANCEMERGEDDOCS.pdf. The word "microfinance" broadly refers to the provision of financial services, such as small loans, credits, savings, insurance and remittances to the poor, vulnerable and low-income people to meet their daily needs. See Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 43. The financial services covered in the discussed definition include, cash loans, savings, insurance, fund transfer and any other financial services that the poor or low-income people as well as microenterprise, small and medium enterprises may need. See Section 3.1 (i) (ii) (iii) (v) of the "Microfinance Policy and Regulatory & Supervisory Framework for Liberia.".

Agency for International Development (USAID) stated in its microfinance assessment conducted in 2012 that, in Liberia the microfinance development is far behind the other countries in Africa in terms of microfinance outreach. In other words, Liberia is still less developed in microfinance product development, financial sustainability, and capacity building. This is perhaps due to the 14 years of civil war which raged in the country. The civil war crippled the overall economic development of Liberia in general and the microfinance industry in particular, as well as its legal and regulatory framework.[9]

In fact, the plight has paralysed the microfinance services across the country and specifically the rural areas due to lack of proper legal framework to create a suitable environment for the microfinance sector.[10] Furthermore, the aftermath of the war resulted in the increasing poverty rate.[11] In response to this drawback, some efforts and measures have been put in place by the Liberian government and the international community to empower the poor through microfinance programmes. The international partners in this effort include, the African Development Bank (AfDB), the United Nations Development Programme (UNDP), the United Nations Development

9 P Gondo, "A Review of Forest Financing in Africa," *Southern Alliance for Indigenous Resources (SAFIRE), Zimbabwe*, 2012, 36; "Property Rights and Artisanal Diamond Development (PRADD) The Feasibility of Microfinance for Artisanal Diamond Miners," 28., accessed May 25, 2016, http://www.usaidlandtenure.net/sites/default/files/USAID_Land_Tenure_PRADD_Microfinance_Report_0.pdf. The loan provision constitutes one of the microfinance services. This can be inferred from the definition of microfinance in the Liberian context. See Section 3.1 (i) (ii) (iii) (v) of the "Microfinance Policy and Regulatory & Supervisory Framework for Liberia." This is also in line with the definition of commercial bank as a financial institution which provides financial services, such as credit, loan provision and lending services. See Part 1, Section 2(c) to (d) of "The Central Bank of Liberia Act of 1999."

10 "Property Rights and Artisanal Diamond Development (PRADD). The Feasibility of Microfinance for Artisanal Diamond Miners," 29; Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 56.

11 Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 46.

Fund for Women (UNIFEM) and the United Nations Capital Development Fund (UNCDF).[12]

The AfDB is supporting the Liberian government to build roads and energy installation, [13]while the UNDP continues to consolidate peace and development programmes in Liberia through two principles, namely Democratic Governance and Pro-Poor Economic activities. These two principles advocate for poverty reduction, crisis prevention or recovery, women empowerment, and peace building. The UNDP is also working collaboratively with the Liberian government to facilitate the economic growth of the country. As of March 2010, the Government of Liberia with its partners (UNCDF and UNIFEM) who have initiated a project to promote and develop financial inclusion programmes and financial access to the poor or low-income Liberians, through micro-enterprises focusing mainly on women.[14] Despite all the above-mentioned efforts, the poverty rate in the country remains very high. According to the 2015 UNDP's Human Development Report, 83.8% of the Liberia population live below the poverty line. This means, the aforesaid percentage of Liberians live below USD1.25 per day.[15]

With regard to the development of microfinance in Liberia, the Government of Liberia has played a significant role in improving

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12 "Impacting West Africa: Transforming People's Lives in Liberia through Microfinance," 2;, accessed May 3, 2016, http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Impacting_West_Africa_Transforming_People%E2%80%99s_lives_in_Liberia_through_Microfinance_-_Issue_1.pdf.; Abdullai Kamara, "Liberia Liberia," n.d., 26. AfDB is an abbreviation for "African Development Bank Group," UNDP is an abbreviation form for "United Nations Development Programme," UNIFEM is an abbreviation form for "United Nations Development Fund for Women" and UNCDF is an abbreviation form for "United Nations Capital Development Fund."

13 AfDB, "Impacting West Africa: Transforming People's Lives in Liberia through Microfinance," 2.

14 Kamara, "Liberia Liberia," 5–7 & 26.

15 This is close to the report state that over 80% of the Liberian population lives below the poverty line of USD1per day. This indicates that the extreme poor household spends less than USD0.50% per day. See UNDP, "Liberia - Human Development Reports - UNDP," 2015, 1, 6-7;, http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/LBR.pdf.; Brandolini and Tigani, "Liberia Environmental Profile," 31.

microfinance services in the country. The government has also created its strategy to provide poverty reduction services as part of its development agenda after the civil war. The strategy is known as Poverty Reduction Strategy (PRS).[16] The PRS's plan was issued in 2008. It focuses on projects such as infrastructure development, reviving mining, minerals, forestry and agriculture agencies. Furthermore, the PRS projects seek to establish a competitive environment and diversify the economy of the country. The aforesaid projections aim to establish four concrete pillars to actualise the above objectives of the PRS. These include peace and security as well as governance and rule of law. Other initiatives include economic revitalisation and building infrastructure and basic services.[17]

The Government has further opened a microfinance branch under the Central Bank of Liberia known as the Microfinance Unit of the Central Bank of Liberia. Under the Unit, the Central Bank of Liberia (CBL) has established its own microfinance association known as "Village, Savings and Loans Associations (VSLAs)."[18] The VSLAs comprise of 15 to 35 persons in a group, most of whom are women. They meet on a regular basis to grant loans. The monitoring and supervision of the VSLAs are carried out by the Unit. Training and workshops have been sponsored by the CBL as a support for the promotion of the VSLAs. The Unit has further engaged in various loans scheme's programmes through the CBL, such as the Loan Extended Assisted Facility (LEAF) programme.[19]

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[16] Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 42.

[17] International Monetary Fund Publication Services, "Liberia: Poverty Reduction Strategy Paper—Annual Progress Report International Monetary Fund," 2012, 8., http://www.imf.org.

[18] "Central Bank of Liberia Executive Governor at the Association of African Development Finance Institutions Held in Kampala, Uganda, November 12, 2015," accessed July 3, 2016, file:///C:/Users/admin/Downloads/Presentation CBL (6).pdf.

[19] The Unit is called the "Microfinance and Financial Inclusion Unit of the Central Bank of Liberia." See "Central Bank of Liberia Executive Governor at the Association of African Development Finance Institutions Held in Kampala, Uganda, November 12, 2015." The symbol "L$" means Liberian Dollar. See Part 2, Section 13(1) of "The New Financial Institutions Act of 1999," accessed June 14, 2016, https://cbl.org.lr/doc/new financial instnewfininsactitution act 1999.pdf.

Another microfinance programme established by the Microfinance Unit of the CBL is the Small-Medium Enterprises (SMEs) Credit Stimulus Initiative of the CBL. Under this programme, CBL provides funds to Liberian owned businesses, such as fishery, transportation and agriculture sectors. The funds are offered on lower interest rates with flexible repayment period. The CBL has also provided small loans to non-bank financial and microfinance institutions as well as credit unions in order to improve the living standards of the poor and the rest of the citizens. Similarly, the CBL has further extended its loan provision to the farmers through a microfinance programme known as the Agricultural Stimulus Initiative.[20] Under this programme, loans are offered to the farmers for various agricultural activities, such as coffee, cocoa and rubber productions.[21]

MICROFINANCE INSTITUTIONS AND THEIR LEGAL AND REGULATORY FRAMEWORK

The CBL remains the main and is the apex regulatory authority for the microfinance and other financial institutions operating in Liberia.[22] Meanwhile, the microfinance providers in Liberia are classified into three, namely, the commercial banks like AccessBank Liberia Limited (ABLL), the credit unions like Credit Union National Association (LCUNA) and the credit-only institutions like Liberty Finance.[23] There are three main sources of microfinance services providers in Liberia.[24]

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[20] "Central Bank of Liberia Annual Report 2013," (Central Bank of Liberia, January 1, 2014), 42 & 48, http://www.cbl.org.lr/doc/annualreports/cblannualreport2013.pdf.

[21] "Central Bank of Liberia Annual Report 2013," 42 & 48.

[22] Part 2, Section 3 (2) (d) of "The Central Bank of Liberia Act of 1999," accessed June 14, 2016, https://cbl.org.lr/doc/cbl_act_1.pdf.

[23] ABLL is an example for commercial banks, LCUNA is an example of credit unions and Liberty Finance is an example of credit-only institution.

[24] "AccessBank Liberia 2013 Annual Report ," 6; Central Bank, "The Liberian Strategy for Financial Inclusion," no. June 2009 (2013): 1., http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884 1339624653091/8703882-1339624678024/8703850-1368556147234/9184715-1404333315582/Liberia-2009-2013-National-Strategy-for-Financial-Inclusion.pdf. ABLL is an example for

The commercial banks that are involved in microfinance lending services are the ABLL, Eco-bank and Liberian Bank for Development and Investment (LBDI). The credit unions that provide microfinance services include the LCUNA which is the apex body for all credit unions in Liberia. Other credit unions include the World Council of Credit Unions (WOCCU) and the Western Union. The credit-only institutions that provide microfinance services include Liberty Finance.[25]

AccessBank Liberia Limited (ABLL)

ABLL is the first commercial microfinance institution in Liberia which was established in 2009. It focuses mainly on micro-lending to the poor. It provides short and medium-term lending to the small and medium enterprises (SMEs) in the country.[26] The bank was established by the support of the AfDB and its partners, which include the Access Microfinance Holding, the European Investment Bank (EIB) and the International Finance Corporation (IFC).[27] AccessBank is one of the leading microfinance players in Liberia. It holds about fifty per cent (50%) of the microfinance market in the country. However, it provides only ten per cent of micro-loans for traditional micro-financial services. The rest of the loans are utilised for individual small and medium enterprise lending activities.[28] For security of the loans, the Bank screened the client through analysis of his/her credit worthiness, capacity and willingness of repaying the loans. The Bank further conducts in-depth analysis of the client financial status to avoid the risk of over-indebtedness. It also evaluates the loan history, reference

commercial banks, LCUNA is an example of credit unions and Liberty Finance is an example of credit-only institution.

25 It also includes institutions such as, Local Enterprise Assistance Programme (LEAP) and Building Resources Across Companies (BRAC) Liberia. See "Access Bank Liberia 2013 Annual Report," 2.

26 AccessBank Liberia, "AccessBank Liberia 2013 Annual Report," 7., accessed June 14, 2016, http://accessholding.com/export/sites/accessholding.com/PDF_Resources/ABL_Annual_Report_2013.pdf.

27 AccessBank Liberia, 9; AfDB, "Impacting West Africa: Transforming People's Lives in Liberia through Microfinance," 3 & 6.

28 AfDB, "Impacting West Africa: Transforming People's Lives in Liberia through Microfinance," 3 & 6.

check, statement of guarantors, suppliers, neighbours and employers of the client. Similarly, the Bank assigns its loans officer to gather information on the client, particularly, his/her business and household. The information represents the main collateral to the loan besides conducting the credit analysis.[29]

ABLL was incorporated officially at the Ministry of Foreign Affairs in 2008. It was then granted a license by the CBL to provide microfinance services to the poor and low-income people in the country. ABLL was further allowed to provide deposit-taking services to mobilise savings for low-income people.[30] The Central Bank of Liberia Act of 1999, states clearly that, all commercial banks shall operate under the jurisdiction and authorisation of the CBL.[31] It further authorises a commercial bank to provide microfinance services.[32]

Credit Union National Association (LCUNA)

LCUNA was first established in 1966. Later, it became the apex body for all credit unions in Liberia in 1973. Prior to the civil war in 1989, there were about 65 credit unions operating across Liberia, serving 18,500 members.[33] The number increased to 71 credit unions from 1989 to 2003 by over 20,000 members. There were about USD10 million in savings within that period.[34] However, the number reduced dramatically to 12 credit unions in 1988 and then to 6 credit unions in 2000 because of the war.[35] According to a 2012 assessment, the number of credit unions increased approximately to 125 unions, serving 16,716

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29 AccessBank Liberia, "AccessBank Liberia 2013 Annual Report," 16-17.

30 AccessBank Liberia, 6 & 46.

31 Part 1, Section 5(2) of "The Central Bank of Liberia Act of 1999."

32 Part 1, Section 2(m) (i) of "The Central Bank of Liberia Act of 1999."

33 John Tucker, "Microfinance Development in Liberia -An Initial Assessment," 2004, 14;, http://www.microfinancegateway.org/sites/default/files/mfg-en-paper-microfinance-development-in-liberia-an-initial-assessment-2004.pdf.; Bank, "The Liberian Strategy for Financial Inclusion," 2.

34 "World Council Initiates Credit UUnion Revitalization in Liberia," May 2013, http://www.woccu.org/newsroom/releases/World_Council_Initiates_Credit_Union_Revitalization_in_Liberia.

35 Tucker, "Microfinance Development in Liberia -An Initial Assessment," 14.

members.[36] In 2013, there were about 300 credit unions affiliated with LCUNA, serving 36,000 members. The main objective of the credit unions in Liberia is to improve the living conditions of the poor and the low-income people.[37] The credit unions operate on individual and community basis. Under the individual scheme, the client borrows according to her or his savings. Thus, under the community scheme, the credit unions provide loan to the community. These activities take place mostly outside the capital city of Monrovia. The community's clients are a group of petty traders with most of its members are businesswomen.[38]

The credit unions including LCUNA are regulated and supervised by the Cooperative Development Agency (CDA). The CDA has the power and authority to register, certify, regulate and supervise the activities of all credit unions operating in Liberia.[39] It refers to the words "credit union." as "credit institution."[40] The Act vested the

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36 "Liberia: West Africa Credit Unions," accessed July 4, 2016, https://westafricacreditunions.com/liberia/.

37 "World Council Initiates Credit UUnion Revitalization in Liberia."

38 Tucker, "Tucker, "Microfinance Development in Liberia -An Initial Assessment," 14; Bank, "The Liberian Strategy for Financial Inclusion," 2.

39 Ballah M. Kollie, "Liberia: CDA Grants Millions in Loans to Farmers, Others," August 2015, http://allafrica.com/stories/201508271597.html. CDA was set up in 1981 and the establishment took place through the recommendation of the Agricultural Cooperative Development International (ACDI) of the United States to the Government of Liberia. The CDA is also considered as the apex organisation for the agricultural cooperative movement in Liberia. It provides cooperative services to smallholder farmers. See Chet Aeschliman and Alfonso J. Wesseh, "LAeschliman and Wesseh, 154.iberia's Rural Finance and Agricultural Marketing Sub-Sectors," accessed July 4, 2016, www.fao.org/3/a.../ai565e03.pdf. See also Hubert Boirard, Deirdre Mcgrenra, and Mohamed Béavogui, "Republic of Liberia: Country Strategic Opportunities Programme," 2011, 4., https://www.ifad.org/documents/10180/23dfb1a7-9d3b-4bde-9d69-ae3d490c9414.

40 Part 1, Section 2(e) of "The Central Bank of Liberia Act of 1999." In other words, the Act signifies the words "credit union" as a "credit institution." So, there is no contradiction between the two names. According to the Act, "Credit institution refers to any person whose operations include lending without accepting from the general public deposits payable on

power to the CBL to supervise bank-financial institutions and non-bank financial institutions, like in the case of LACUNA. It also extended the power of the CBL as the supervisory authority over non-bank financial services' dealers and brokers.[41] This provision authorised the CBL to carry out its supervision as the case may be. This does not contradict the position of the CDA supervision of credit union activities in the country as mentioned above. The CBL is considered as the apex legal regulatory body for all banks, as well as financial and non-bank financial institutions operating in Liberia.[42]

Liberty Finance

Liberty Finance was launched in 2005 by the American Refugee Committee (ARC).[43] It was initiated as a relief agency to assist or serve Liberians who were affected by the civil war. It had played a significant role as a relief agency in helping the poor during the war.[44] In 2009, it was transformed into a microfinance institution. Liberty Finance is considered as one of the major microfinance players in Liberia.[45] In 2009, it served about 8,000 clients, 75% of whom were women.[46] Liberty Finance's operation focuses on group-based lending schemes.

The clients are asked to form solidarity groups of 7 to 10 members in each group. The group selects its leader to carry out the collection of a bi-weekly repayment loan from the members of the respective groups. The collected amount will then be deposited at the Liberty Finance's branch office. The members are required to contribute 1% of the original amount for a risk management fund. The

demand or after a fixed period." This conforms to the stance of the New Financial Institutions Act of 1999 in reference to the words "credit union" as "credit institution." See art 1, Sec. 2(6) of "The New Financial Institutions Act of 1999."

41 Part 1, Section 5(1) of "The Central Bank of Liberia Act of 1999."

42 Part 2, Section 3(1) of "The New Financial Institutions Act of 1999;" Part 1, Section 5(1) of "The Central Bank of Liberia Act of 1999."

43 "AccessBank Liberia 2013 Annual Report," 7.

44 Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 42 & 50.

45 "Liberty Finance: Liberia's Microfinance Provider," accessed July 4, 2016,https://sites.google.com/a/liberty-finance.com/libertyfinance/about.

46 Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 51.

fund serves as a form of insurance on the loan in case of death of a borrower/member. Before the loan is provided, the group is screened and sent for business management training. The loan size for each group ranges from USD70 to USD500. The loans are payable within four to six months. The renewal of the group's loan is based on the check and balance of the group. The renewal application is done by the credit committee together with the credit agent's report. The agent's report focuses on the business performance and repayment record of the group.[47]

The existence of Liberty Finance was mandated under the MPRSFL through the supervision of the CBL. In other words, it is subjected to the supervisory purview of the CBL. It is required to submit periodic returns on its activities to the CBL.[48] It is also required to forward a report on the profits it gained in its microfinance activities. The submission of such reports shall be done periodically or from time to time.[49] Liberty Finance and other credit-only microfinance institutions are permitted to disburse micro-credits (micro-loans). However, they shall not mobilise any deposit from the general public during the disbursement. Their microfinance services shall be in accordance with the authorisation of the CBL. They are also duty-bound to obtain microfinance licenses from the CBL.[50] Meanwhile, Liberty Finance as a credit-only microfinance institution is permitted to convert into a commercial bank at its wish. Thus, it is required to obtain a commercial bank's incorporation license. In this regard, it shall be subjected to the provisions stipulated in the New Financial Institutions Act of 1999. For instance, it is required to maintain the amount of liquid assets that might be prescribed by the CBL for commercial banks or any other financial institution subject to the rules and regulations of the CBL.[51] The amount of prescribed assets shall be

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[47] Johnson, 51-52.

[48] Section 2.4.1.3 of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

[49] Section 2.4.1.3 of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

[50] Section 2.4.1.3 of Liberia. L$ is the abbreviation form for the Liberian Dollar. See Part 1, Section 19(1) of "The Central Bank of Liberia Act of 1999."

[51] Part 3, Section 17 1(1) (a) of "The New Financial Institutions Act of 1999."

written in percentage of the overall or total demand and time deposits.[52] The percentage must not be less than five or more than twenty-five per cent.[53]

PROSPECT OF ISLAMIC MICROFINANCE IN LIBERIA UNDER THE EXISTING LAWS

In reference to the prospect of the practice of Islamic microfinance under the existing laws, the Islamic microfinance institutions have opted to regulate within the same laws that regulate other financial institutions in Liberia. The law confers on the Central Bank of Liberia the powers to regulate and supervise all financial institutions in the country, which inclusively cover the microfinance providers.[54] Meanwhile, the microfinance sector lacks a coherent regulatory framework. There is a need for the enactment of a specific legislation for the microfinance sector, including Islamic microfinance institutions in Liberia that will appropriately govern the microfinance operations.[55] However, there have been some efforts to improve the regulatory environment for the microfinance institutions in the country. The result of the efforts has seen the emergence of three regulatory documents for microfinance activities with special mention to Islamic microfinance in the country. These are as follows: the Central Bank of Liberia Act of 1999, the New Financial Institutions Act of 1999, and the Microfinance Policy and Regulatory & Supervisory Framework for Liberia.[56]

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52 Part 3, Section 17 1(1) (b) of "The New Financial Institutions Act of 1999."

53 Part 3, Section 17 1(1) (b) (i) of "The New Financial Institutions Act of 1999."

54 Part 2, Section 3(1) of "The New Financial Institutions Act of 1999."

55 Johnson, "Microfinance in Post-Conflict Liberia: Implications and Challenges," 56.

56 The efforts have led to the promulgation and issuance of microfinance regulations known as "Part 1 of "Prudential Regulations for Microfinance Deposit Taking Institutions," by the virtue of Part 2, Section 3 of the "New Financial Institutions Act of 1999" and "Microfinance Policy and Regulatory & Supervisory Framework for Liberia." The later also called as "Microfinance Regulatory and Supervisory Framework for Liberia." See Part 1 of "Prudential Reg*u*lations for Micro-Finance Deposit-taking Institutions, Regulation No. CBL/RSD/004/2012," https://cbl.org.lr/doc/MDIregrev.pdf.

The Central Bank of Liberia Act of 1999 plays a significant role to improve the legal framework, supervisory capacity and financial infrastructure for the financial institutions in the country.[57] After the civil war, the former National Bank of Liberia was re-established by a new Act, the Central Bank Act of Liberia 1999. On the basis of this new Act, the new Central Bank was established in Liberia as a successor to the default National Bank of Liberia.[58] Accordingly, the name was changed from the National Bank of Liberia to the Central Bank of Liberia, and it started operations in 2000.[59] On the other hand, the New Financial Institutions Act of 1999 repealed the Financial Institutions Act of 1974 which governs banks and non-banking financial institutions.[60] In contrast, the Microfinance Policy and Regulatory & Supervisory Framework for Liberia was created by the CBL as an effort to build legal infrastructure for microfinance activities in the country.[61]

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57 "AccessBank Liberia 2013 Annual Report," 6.

58 Part 2, Section 3 of "The Central Bank of Liberia Act of 1999."

59 Meanwhile, Part 4, Section 10(1) of the Central Bank of Liberia Act of 1999 provides that, the CBL should be headed by an executive governor and two deputy governors who shall be appointed by the President of Liberia subject to the confirmation of the Senate. Part 4, Section 10(1) of "The Central Bank of Liberia Act of 1999."

60 Section 1 of "The New Financial Institutions Act of 1999."

61 Section 1.3 and Section 1.4 of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia." There are various objectives behind the creation of the MPRSFL. Among the objectives are to improve the CBL's regulatory and supervisory performances in order to ensure monetary stability and liquidity management. The MPRSFL also aims to enhance the diversified microfinance services for the poor and low-income earners on long term and sustainable basis. The MPRSFL further strives to create appropriate system for supervising the microfinance activities across the country. Moreover, the MPRSFL attempts to incorporate the informal sector into the national financial system and contribute to rural transformation. It also promotes the poverty reduction strategy of the government, and it improves the provision of microfinance services to the poor and micro-entrepreneurs. See Section 1.1 to 1.4, Section 2.1 (i) to (v), Section 2.2 (i) to (iv) and Section 2.3 (i) to (ix) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia." The MPRSFL further aims at promoting linkages among the commercial banks, specialised financial institutions, i.e., conventional and Islamic institutions in the country. See Section 1.1 to 1.4, Section 2.1

Islamic Microfinance under the Central Bank of Liberia Act of 1999

The Central Bank of Liberia Act of 1999 vests in the CBL the power to serve as the regulatory body for all banking and microfinance institutions, including Islamic microfinance in the country.[62] The same Act gives powers to the Governor of the CBL to initiate all financial policies in Liberia, including that of Islamic microfinance financial policies. It also mandates the CBL with full powers without limitation to constitute and regulate matters that might be necessary or important for the financial policies in the country. By extension, it could be argued that the underlying provision enables the CBL to license Islamic microfinance since it falls under the jurisdiction of the CBL by virtue of the Act.[63] Furthermore, the Act vested the CBL with specific powers:

> "To administer the New Financial Institutions, Act of 1999 and regulate banking activities;[64]
>
> Regulate bank and non - bank financial institutions, as well as non - bank financial services institutions"[65]

The section above[66] empowers the Governor of the CBL to regulate the banking sector, including the Islamic microfinance banks in Liberia through the New Financial Institutions Act of 1999. These powers shall be applied within the capacity of the Governor of the CBL even if the New Financial Institutions Act 1999 does not provide for the matter. It is deemed fit for the intervention of the Governor of the CBL. As regard to the introduction of Islamic microfinance in Liberia,

(i) to (v), Section 2.2 (i) to (iv) and Section 2.3 (i) to (ix) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

62 Part 2, Section 3 (2) (d) of "The Central Bank of Liberia Act of 1999."; "AccessBank Liberia 2013 Annual Report," 6; Part 1, Section 2.0 (i) of "Prudential Regulations for Micro-Finance Deposit-Taking Institutions, Regulation No. CBL/RSD/004/2012."

63 Part 2, Section 3 (2) (d) of "The Central Bank of Liberia Act of 1999."

64 Part 2, Section 4 (6) of "The Central Bank of Liberia Act of 1999."

65 Part 2, Section 3 (2) (d) of "The Central Bank of Liberia Act of 1999;" Part 1 of "Regulations for Non-Bank Financial Institutions, Regulation No. CBL/RSD/005/2012," 2012, https://cbl.org.lr/doc/NBFIregrev2nd.pdf.

66 Part 2, Section 4 (6) of "The Central Bank of Liberia Act of 1999."

this section is a legal backing for the Governor of the CBL to allow and license Islamic microfinance institutions even though it is not expressly mentioned by the relevant laws of Liberia. In the context of constitutionality, the constitution of Liberia provides for freedom of religion and guarantee economic well-being of the people regardless of whether the means will provide such economic multiplier effect.[67] It means that the laws regulating financial institutions in Liberia overtly and covertly provided for any financial institution to be operated within the confines of the law. It shall be subjected to the rules and regulations laid down by the Central Bank Governor. It also means that to have an effective Islamic microfinance institution in Liberia, the House of Assembly does not really have to be involved in order to guarantee the independence of the CBL.

Meanwhile, the CBL Act provides for the powers of the CBL to regulate both bank and non-bank financial institutions. Hence, the section makes it possible for the establishment of any type of microfinance institutions, with special reference to Islamic microfinance. Based on this, the Islamic microfinance institution is also automatically regulated under the regulation of the CBL. This includes the legality of its establishment. But such establishments shall be done within the regulations of the CBL.[68] By extension, Islamic microfinance institutions might be established in Liberia under the permission of the Governor of the CBL. This might thrive because of some of the instruments used by the Islamic microfinance institution like *murabahah* (Cost Plus Mark-up Contract) and *kafalah* (Contract of Guarantee) which apparently look like the conventional loan system. But in practice the two systems are far apart. This apparent similarity may serve as a convincing factor to the Liberia authority for the efficacy of Islamic microfinance system within the fold of the microfinance sub sector in Liberia.

Islamic Microfinance under the New Financial Institutions Act of 1999

Another regulatory organ for the microfinance sector, with special reference to Islamic microfinance institutions in Liberia is the New

67 Chapter 3, Article 14 of the “Constitution of the Republic of Liberia.”
68 Part 2, Section 3 (2) (d) of The Central Bank of Liberia Act of 1999.

Financial Institutions Act of 1999. Meanwhile, Islamic microfinance might be established under the power mandated by this Act under the CBL. In this case, Islamic microfinance institutions shall obtain license from the CBL. The New Financial Institutions Act of 1999 provides that:

No person in Liberia shall carry out banking business or provide non-bank financial services as a business without a license from the Central Bank of Liberia. A local financial institution shall not do banking business or provide non-bank financial services as a business in Liberia or abroad nor shall a foreign financial institution do banking business or provide non-bank financial services as a business in Liberia without a license granted by the Central Bank authorizing the licensee to do such business. The license shall indicate the class of financial institution and the operations the licensee is authorized to do.[69]

This provision empowers the CBL to issue licenses for any local financial institution to carry out financial services. The provision did not specify the type of local financial institution. In this regard, the Islamic microfinance institution can be established as a local financial institution. The established Islamic microfinance institution might be permitted to provide any type or kind of financial services, since there is no restriction on the type of financial services that might be provided by the licensed institution under this provision. However, the classification of the institution and authorised activities shall be mentioned in the license as it can be inferred from the above provision.

It can also be deduced from the aforesaid provision that, Islamic microfinance might be established as an Islamic microfinance-bank. In this case, the established Islamic microfinance bank shall focus its activities on banking business. This is corresponding with the definition of the phrase ‘local financial institution.’ Under the Act, the words ‘local financial institution’ refers to a financial institution organized under the law of Liberia to carry out banking business in Liberia.[70] According to the same Act, the banking business of local financial institutions inclusive of Islamic microfinance-bank should include receiving funds from the public through voluntary money deposits payable upon demand. The funds should also be collected

[69] Part 2, Section 3(1) of The New Financial Institutions Act of 1999.
[70] Part 1, Section 2(10) of The New Financial Institutions Act of 1999.

from the government or from any foreign or international financial institution. Such funds are to be partly or wholly utilised for loans provision towards poverty alleviation or investments purposes.[71]

Islamic Microfinance under the Microfinance Policy and Regulatory & Supervisory Framework for Liberia (MPRSFL)

The MPRSFL is another regulatory arm for the microfinance sector in Liberia. The MPRSFL recognises the existence of non-conventional microfinance institutions including Islamic microfinance under the umbrella of the CBL. The MPRSFL was prepared by the CBL by virtue of the New Financial Institutions Act of 1999.[72] It is stated that the microfinance sector including the Islamic microfinance institutions shall be supervised by the MPRSFL under the authority of CBL.[73] The MPRSFL is vested with power in the CBL under the New Financial Institutions Act of 1999 to provide licensing and registration services for all microfinance institutions, with reference to Islamic microfinance institutions.[74] The MPRSFL further provided that CBL shall review the policy and guidelines as well as promote the linkage activities between the banks, microfinance institutions, such as Islamic microfinance inclusively and other specialised financing institutions.[75] According to MPRSFL, the microfinance institutions including Islamic microfinance institutions can be regulated by the Regulation and Supervision Department of the CBL. Nonetheless, the law permits the establishment of microfinance institutions by people, a group of

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71 Part 1, Section 2(1) (i) of "The New Financial Institutions Act of 1999."

72 Part 2, Section (3) of "The New Financial Institutions Act of 1999." Section 1.3 of Liberia, "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

73 Section 1.3, Section 1.4 and Section 1.5 of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

74 CBL is also responsible for the establishment of national microfinance steering committee implementing regulatory and supervisory framework. See Section 2.5.2 (i) (ii) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia.".

75 The CBL shall also be responsible for creating prudent microfinance policy which includes licensing criteria, operational standards and guidelines for microfinance stakeholders. See Section 2.5.2 (v) (vi) and Section 3.4 of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

people, community development associations, private companies (corporate entities) and foreign investors. Upon the establishment of any microfinance institution including the Islamic microfinance, the word “microfinance” must be added to the name of a licensed or registered microfinance institution.[76]

The MPRSFL mandates that all microfinance sectors including Islamic microfinance in Liberia shall provide efficient and effective financial services to their clients. These services include credit or loan, savings, commodity and leasing services.[77] They are not authorised to collect or mobilise savings but are permitted to provide loan products. Moreover, the staff of the microfinance institutions including Islamic microfinance institutions should be well-trained and qualified, as well as professional and competitive. Both conventional and Islamic microfinance institutions are duty-bound to provide training and capacity building programmes continuously to their staff.[78]

Meanwhile, the MPRSFL provides various goals and objectives which shall be observed pursuant to guidelines issued to all registered microfinance institutions including the Islamic microfinance. These include provision of diversified, suitable and reliable microfinance financial services in order to empower the poor. These involve engagement of microfinance institutions in competitive and long-term development activities as well as suitable entrepreneurial activities which will assist the poor to be self-reliant. Other functions of the registered microfinance institutions shall include savings mobilisation, creating employment opportunities and increasing the productivity of the active poor who have the capacity to generate money and support themselves, but lack financial means or resources. The registered microfinance shall further strive to improve the living standard and income level of the individual household of the poor. The registered microfinance institutions shall also provide

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76 Section 3.3, Section 3.4 and 3.12 (3.12.1) of “Microfinance Policy and Regulatory & Supervisory Framework for Liberia.”

77 Section 2.5.3, Section 3.1 (i) to (ii) and Section 3.2.1 (ii) of “Microfinance Policy and Regulatory & Supervisory Framework for Liberia.”

78 Tara Schuren Tetra Tech ARD, “Property Rights and Artisanal Diamond Development (PRADD): The Feasibility of Microfinance for Artisanal Diamond Miners,” 2012, 27-28., http://www.usaidlandtenure.net/sites/default/files/USAID_Land_Tenure_PRADD_Microfinance_Report_0.pdf.

programmes to encourage the participation of the poor in the socio-economic development and utilisation of the allocated resources.[79]

The MPRSFL further issues guidelines on some permissible activities for Bank Microfinance Institutions (BMFIs) in Liberia. These include the provision of microcredit or loan, insurance, transfer of funds, domestic and international remittance services. The Bank's MFIs are eligible to charge interest based on the agreement between the clients and the institutions. They are further permitted to receive deposits as well as interest based on the mutual agreement between the Bank's MFIs and their clients. The Bank's MFIs might also provide services related to maintenance and operations of accounts with any bank in the country. They may also provide capacity building services, such as small business management and record keeping services in order to promote and monitor loan usage among their clients.[80] However, the permissibility of Bank's MFI to charge interest on its services might not be a suitable provision for the Islamic microfinance in compliance with the teaching of Islam.

The MPRSFL mandates that the MFIs are not allowed to provide non-traditional and asset-based collateralized loans. They are also prohibited to fund social obligation.[81] The above-mentioned permissible activities are also lawful for Non-Bank Microfinance Institutions (Non-Bank's MFIs), except the acceptance of deposits.[82] The Non-Bank's MFIs are not permitted to accept any deposit, and they are not allowed to engage in foreign exchange transaction, corporate finance, international electronic fund transfer and current account or cheque clearing activities according to MPRSFL.[83]

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79 Section 2.4 (i) to (iv) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

80 Section 3.2.1 (i) to (vi) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

81 Section 3.2.2 (i) to (ii) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

82 Section 3.2.1 (i) to (vi) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."

83 Section 3.2.2 (i) to (v) of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia." Some efforts have taking in place to enanct some Acts to strengthen the legal regulatory framework for the banking sector. These Acts include, Securities Market Act and Insurance Act. Creating a deposit insurance shceme and collateral registry as also

CONCLUSION

The microfinance sector in Liberia is still in its emerging stage as the country is recovering from its post-war and economic revival. However, some efforts have been made by stakeholders to improve the growth of microfinance activities. Meanwhile, all microfinance institutions including Islamic microfinance are subjected to the same laws, rules and regulations that govern the financial institutions in Liberia. These laws vested regulatory powers on relevant authorities, specifically the CBL and the Judiciary in case of disputes and interpretation, and other concerned government agencies. For instance, the provision of the Central Bank of Liberia Act of 1999, which is in alia with the provision of "Prudential Regulations for Micro-Finance Deposit-Taking Institutions, Regulation No. CBL/RSD/004/2012"[84] vests in the CBL the power to serve as the regulatory body for all banking and microfinance institutions, including Islamic microfinance institutions. It also enables the CBL to license Islamic microfinance since it falls under the jurisdiction of the CBL by virtue of the Act. In the context of the Islamic microfinance in Liberia, this section is a legal backing for the Governor of the CBL to allow and license such a bank even though it is not expressly mentioned by the relevant laws of Liberia. Moreover, the New Financial Institutions Act of 1999 empowers the CBL to provide license to any local financial institution including an Islamic microfinance institution to carry out financial services.[85] In this regard, the Islamic microfinance institution can be established as a local financial institution. The established Islamic microfinance might be permitted to provide any type or kind of financial services, since there is no limitation on the type of financial services that might be provided by the licensed institution under this

on the way. See AccessBank Liberia, "AccessBank Liberia 2013 Annual Report," 6. Meanwhile, the regulatory and supervisory framework for microfinance deposit taking intuitions has been developed and approved. Prudential regulation in relation to the deposit taking institution has been finalised. Under the regulation, the minimum capital required for the microfinance deposit taking institutions is USD one million. See Kamara, "Liberia Liberia," 26.

84 Part 2, Section 3(2) (d) of "The Central Bank of Liberia Act of 1999." See also Part 1, Section 2.0(i) of the "Prudential Regulations for Micro-Finance Deposit-Taking Institutions, Regulation No. CBL/RSD/004/2012," 2012, https://cbl.org.lr/doc/MDIregrev.pdf.

85 Part 2, Section 3(1) of "The New Financial Institutions Act of 1999."

provision. Thus, the type of the institution and its activities shall be stated in the license according to the above provision. It can also be deduced from the provision that, Islamic microfinance can be established as an Islamic microfinance-bank. But its activities shall focus on banking business.[86]

The findings show that there is a need for reform and a diversified legal and regulatory framework for the microfinance sector which can accommodate all Liberians regardless of their cultural and religious differences. In this regard, the introduction of legal and regulatory of Islamic microfinance might be a viable mode and diversified system for the microfinance sector in Liberia. Despite the non-application of Islamic laws in Liberia, it could be apt to inquire whether the existing microfinance legislation in the country permits the operation of Islamic microfinance. The article had argued that the existing law including the Liberian constitution and other relevant financial regulations such as the Central Bank of Liberia Act of 1999, the New Financial Institutions Act of 1999 and the Microfinance Policy and Regulatory & Supervisory Framework for Liberia (MPRSFL) have no objection to the establishment of Islamic microfinance in the country.

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[86] By extension, it can be concluded from the above discussion that, any commercial bank can be established, like that of Islamic commercial bank to offer microfinance services such as loan provision, savings, insurance and fund transfer and any other financial services that the poor or low-income people may be in need provided that it follows the due process accordingly as proscribed by the Central Bank of Liberia Act of 1999. See Part 1, Section 2(m) (i) of "The Central Bank of Liberia Act of 1999." In the same vein, Islamic commercial and any other commercial banks which may be interested in offering microfinance services are duty-bound to adhere to the regulations of the New Financial Institutions Act of 1999. They shall also comply with the microfinance regulatory and supervisory guidelines provided by the MPRSFL. See Sections 2.4.1.1 and 3.3 of "Microfinance Policy and Regulatory & Supervisory Framework for Liberia."