



GUIDELINES

FOR

RETAIL PAYMENT SYSTEMS

AND INSTRUMENTS

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1 Scope and Objectives

- 1.1. Prudent management of payment schemes is critical to ensure safety and soundness in the national payment system and the general functioning of the financial system as well as wider acceptance and success of retail payment modes or instruments, and ultimately support of economic development.
- 1.2. Accordingly, this Guideline aim to provide a framework to support the development of retail payment systems and retail payment instruments in Zimbabwe by ensuring the safety and soundness of payment schemes and products, thereby enhancing users' confidence in electronic payment means and increasing their use by the population at large.
- 1.3. In the light of the development of innovative means of payment using new technologies, these Guidelines have a special focus on electronic systems and the use of e-money, while addressing retail instruments in general and promoting consistency of treatment for all payment instruments in the country.
- 1.4. To this end, any entity wishing to operate a retail payment system and/or issue and manage a retail payment instrument must comply with the authorization requirements established by the Reserve Bank of Zimbabwe ("Reserve Bank") under these Guidelines and/or any additional measures adopted by the Reserve Bank. To the same end, the standards for the management of retail payment systems, the outsourcing of parts of relevant activities and the use of agents are covered in the guidelines.
- 1.5. These Guidelines are issued in line with the Reserve Bank of Zimbabwe mandate over the national payment system as stipulated under the Reserve Bank of Zimbabwe Act [Chapter 22:15] and the National Payment Systems Act [Chapter 24:23].

- 1.6. These Guidelines do not confer on any entity the right to conduct deposit taking business, which may only be conducted by licensed and supervised deposit taking institutions (DTIs) by the Reserve Bank of Zimbabwe.
- 1.7. These Guidelines do not apply to virtual currencies and should by no means be read to imply any authorization of the issuance or management of such currencies in the country by the Reserve Bank.

2 Definitions

- 2.1. *Acquirer* means the payment service provider (PSP) processing payments on behalf of a merchant.
- 2.2. *Agent* means a person acting in the name and on behalf of, and so representing one or more PSP issuing a retail payment instrument *vis-à-vis* users. The issuing PSP is subject to all relevant Zimbabwe rules on principal-agent relationship. By virtue of the agency agreement, the agent is permitted to conduct solely and specifically the services indicated in the agreement.
- 2.3. *Banking services account* means an escrow account relating to electronic value movement by banked customers through wallet to bank or bank to wallet.
- 2.4. *E-money* means electronically, including magnetically, stored monetary value in any device or instrument or server as represented by a claim on the issuer, which is issued on receipt of funds for the purpose of making payment transactions and which is accepted as a means of payment by persons other than the issuer. This includes e-money stored in a device such as a SIM card or a server and accessible via mobile, telephone, internet or other access devices, cards, and other similar products but

excludes any electronic means to only permit transfers to/from a deposit or current account.

- 2.5. *Escrow account* means a form of account held by a bank into which e-money is deposited and for proper accounting of the funds as agreed by the parties. This includes trust and banking services accounts all managed by the same trustees.
- 2.6. *Issuer* means a PSP duly authorized, individually or jointly by the Reserve Bank to issue and manage retail payment instruments. In an instrument or similar scheme where e-money is stored, this is the entity which receives payment in exchange for value distributed in the scheme and which is obligated to pay or redeem transactions or balances presented to it. These shall include deposit taking institutions and any other entity registered by the Reserve Bank.
- 2.7. *Infrastructure sharing* is the use of existing and future physical, virtual properties by two or more operators or issuers subject to an agreement specifying relevant technical and commercial terms and conditions.
- 2.8. *Merchant* means any person that accepts retail payment instruments, as well as e-money as payment for their goods and services.
- 2.9. *Operator* means the entity that provides and manages a retail payment system.
- 2.10. *Outsourcing* means the contracting or sub-contracting of one or more activities relating to the operation of a system or the issuance and management of a payment instrument to an independent third party. Such third party provides services to the issuer.

- 2.11. *Payment Service Provider (PSP)* means an entity that provides services enabling funds to be deposited and withdrawn from an account; payment transactions involving transfers of funds; the issuance and/or acquisition of payment instruments such as cheques, e-money, credit cards, debit cards; remittances and other services central to the transfer of funds.
- 2.12. *Remittance service provider* means an institution that accepts cash and other payment instruments in one location and pays a corresponding sum in cash or other form to a beneficiary in another location by means of a communication, a message, transfer or through a clearing network to which the remittance service provider belongs.
- 2.13. *Retail payment instrument* means any tangible or intangible device or mechanism that enables a n individual or entity to obtain money, goods or services, or to otherwise make payment or transfer money, regardless of whether the user holds an account or not. These include, but are not limited to, funds transfers initiated by any paperless device (such as automated teller machine, points of sale, internet, telephone, mobile devices, payment cards, including those involving storage of E-Money, and transfers executed by remittance services, both domestically, regionally and internationally.
- 2.14. *Retail Payment System* comprises the technical infrastructure; participants; instruments; for clearing and settlement; business relationship arrangements (such as bank-customer relationships, rules, procedures, the applicable legal framework and governance arrangements) that put together, provide overall environment within which typically a large volume relatively low value payments are posted, authorised, processed, cleared and settled.

- 2.15. *Scheme* means the rules, standards and procedures governing the operational framework permitting the operation of the retail payment system and instrument and the linking of all stakeholders.
- 2.16. *Trust account* means an escrow account relating to electronic value movements through deposits and withdrawals by merchants, agents, billers and other customers.
- 2.17. *User* means any person who uses a retail payment instrument or any person to whom e-money has been issued
- 2.18. *Virtual currency* means a digital representation of value that can be digitally traded and functions as (1) a medium of exchange; and/or (2) a unit of account; and/or (3) a store of value, but does not have legal tender status (i.e., when tendered to a creditor, may be valid and legal offer of payment) in any jurisdiction. It is distinct from e-money, which is a digital representation of currency used to electronically transfer value denominated in currency.
- 2.19. *Wallet* means a user's holding in an escrow account.

3 Authorization

- 3.1. No operator can operate a system or an issuer can issue and manage retail payment instruments unless it has been authorized by the Reserve Bank.
- 3.2. In order to be authorized, an applicant shall submit to the Reserve Bank all information and documents that the Reserve Bank shall from time to time require for this purpose in accordance with its Recognition Criteria and Oversight Framework under the National Payment Systems Act and other applicable laws or legal statutes.

- 3.3. Authorization and Approval or Approved shall refer to sanctioning by Reserve Bank of Zimbabwe and in some cases by market players through recognised self-regulatory bodies (SRO) under the jurisdiction of the Reserve Bank.

4 Governance

- 4.1 An operator or an issuer shall establish adequate governance arrangements, which are effective and transparent, to ensure the continued integrity of its scheme or product, which shall include, among others, the following:

Fulfillment by all shareholders, directors, managers and agents of the fit and proper criteria requirements as established by the Reserve Bank and include the following minimum requirements:

- i. Honesty, integrity and reputation (fairness and ethical behaviour)
 - ii. Competence and capability
 - iii. Financial soundness and solvency
- 4.2 The above matters will be considered in respect of the persons, for the functions and duties to be undertaken by any of these persons that are involved in any payment systems regulated activities.

Honesty, integrity and reputation (fairness and ethical behavior)

- 4.3 In determining the integrity of the key person (both natural and corporate), the Bank will consider matters such as, but not limited to:
- i. Conviction of any criminal offence;
 - ii. Adverse findings or any settlement in civil proceedings;
 - iii. Interviews done in the course of, any existing or previous investigation or disciplinary proceedings, by the any regulator;

- iv. Any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings;
- v. Contravention of any of the requirements and standards of any regulatory system;
- vi. Subjection of any justified complaint relating to regulated activities;
- vii. Involvement with an institution that has been refused registration, authorisation, membership or a licence to carry out a trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated, or has been expelled by a regulatory or government body;
- viii. Removal of the relevant licence, registration or other authority, leading to the person being refused the right to carry on a trade, business or profession requiring a licence, registration or other authority;
- ix. Director, partner, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection;
- x. Person, or any business with which the person has been involved, has been investigated, disciplined, censured or suspended or censored by a regulatory or professional body, a court or Tribunal, whether publicly or privately;
- xi. Dismissal, or asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar;
- xii. Disqualified from acting as director or disqualified from acting in any managerial capacity;
- xiii. In the past, the person has been candid and truthful in all his dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the

requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards.

Competence and Capability

- 4.4 In determining a person's competence and capability, the Bank shall have regard to matters including, but not limited to the person's:
- i. Personal characteristics and adequate time to perform the function and meet the responsibilities associated with that function;
 - ii. Satisfactory past performance or expertise in the nature of the business being conducted;
 - iii. Appropriate range of training, qualification, skills, competence and experience to understand, operate and manage the regulated activities/financial affairs;
 - iv. Technical knowledge, ability personal characteristics and adequate time to perform prescribed duties for which they are engaged, and meet the responsibilities associated with that function; Recognized professional qualifications and membership of relevant professional institutions will be an added advantage to this effect.

Financial Soundness and Solvency

- 4.5 In determining the financial soundness of the key person (both natural and corporate), Bank will consider matters such as, but not limited to:
- i. Whether the person has been the subject of any judgment debt or award, in Zimbabwe or elsewhere, that remains outstanding or was not satisfied within a reasonable period;
 - ii. Whether, in Zimbabwe or elsewhere, the person has made any arrangements with his creditors, filed for bankruptcy, had a bankruptcy petition served on him, been adjudged bankrupt, been the subject of a bankruptcy restrictions order (including an interim

bankruptcy restrictions order), offered a bankruptcy restrictions undertaking, had assets sequestered, or been involved in proceedings relating to any of these.

- iii. Whether there are any indicators that the person will not be able to meet its debts as they fall due;
- iv. Whether relevant solvency requirements are met;
- v. Whether the person has been subject to any judgment debt or award that remains outstanding or has not been satisfied within a reasonable period;
- vi. Whether the person has made arrangements with creditors, filed for bankruptcy or been adjudged bankrupt or had assets sequestered;
- vii. Whether the person has been able to provide the Financial Regulator with a satisfactory credit reference.

4.6 Management and shareholders should ensure capital adequacy in line with the minimum requirements at all times;

- i. Clearly defined and documented organizational arrangements, such as ownership and management structure;
- ii. Segregation of duties and internal control arrangements to reduce chances of mismanagement and fraud;
- iii. All retail payment platforms owned by a group of companies or within a company offering other businesses should be operated as strategic business units within three years from date of approval. These platforms should operate as independent or separate or standalone legal entities within five years from date of approval.
- iv. Those already recognized should migrate to the same (4.1e) within two years from the date of issuing this guideline.

- 4.7 The operator or issuer must implement internal policies that are compliant with Reserve Bank requirements, including at a minimum:
- a. Comprehensive risk management;
 - b. Capital adequacy
 - c. Liquidity management;
 - d. System integrity and audit;
 - e. Business continuity and contingency plan;
 - f. Security of the network used for communication and transfers;
 - g. Comprehensive consumer experience and protection management;
 - h. Complaints, dispute management arrangements and redress mechanisms;
 - i. Interoperability and Infrastructure sharing;
 - j. Approved best practices and standards including;
 - i. ICT and Technical
 - ii. Governance
 - k. Management of agents;
 - l. Anti-money laundering and counter financing of terrorism

5 Operational Requirements

- 5.1 An operator or an issuer shall establish adequate operational arrangements for its scheme or product, which shall include:
- a. rules and procedures setting out the rights, responsibilities and liabilities of the issuer, third parties providing parts of the activities in outsourcing, agents, merchants, users and any other relevant stakeholder;

- b. measures to ensure safety, security and operational reliability of the scheme or product, including contingency arrangements and disaster control procedures, to be applied to all relevant systems, and platforms whether internal or outsourced;
- c. adequate interfaces to ensure interoperability, i.e. that payment instruments belonging to a given scheme may be used in other systems installed by other schemes;
- d. separate records and accounts for its activities related to the retail payment instrument that it provides from its other activities.

5.2 The Reserve Bank reserves the right to impose to issuers of retail payment instruments any relevant standards to ensure safe and reliable issuance and management of an instrument. More specifically, the Reserve Bank reserves the right to impose on issuers such conditions and limits on the nature of e-money products that may be offered, the quantity of e-money products that may be issued over a particular period and limits on the monetary values that may be transferred or funded to particular e-money products.

6 Capital Requirements

- 6.1 An operator shall be required to have an initial minimum capital of one million (United States Dollars) and should comply to the following requirements:
- a. Submit to the Reserve Bank a certified true copy by the chairman, a director and auditors of the operator's balance sheet, showing the authorised and paid-up capital as well as any unencumbered reserve funds;
 - b. no part of the minimum capital of the operator or institution shall consist of borrowed funds;

- c. no individual or related parties and interests may own or control, directly or indirectly, more than twenty-five per centum of the voting shares of the applicant or operator;
- 6.2 On an going basis or as prescribed by the Reserve Bank the following must be maintained continuously:
 - a. A payment systems provider should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan.
 - b. At a minimum, a payment systems provider should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles.
 - c. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirement.
- 6.3 An issuer or operator in operation at the coming into effect of these guidelines and not compliant shall be required to build its capital to the prescribed level not later than two years of the date of issuance of the guidelines.

7 Risk Management

- 7.1 An operator or issuer shall establish appropriate risk management mechanisms to mitigate financial risk and ensure safety and integrity of the payment system and relevant transfers. Likewise, it shall implement operational and security safeguards in proportion to the scale and complexity of the scheme.
- 7.2 An operator or issuer shall ensure that they have resources and capacity in terms of expertise, hardware, software, and other operating capabilities

to deliver consistently reliable service. Measures to ensure operational reliability shall include:

- a. an appropriate system(s) which is robust in its design, development, testing, implementation and monitoring;
- b. strong internal controls for systems and personnel administration;
- c. comprehensive and well documented operational and technical procedures to ensure operational reliability;
- d. a system(s) designed with sufficient capacity which is monitored and upgraded ahead of business changes;
- e. robust clearing and settlement arrangements;;
- f. robust business continuity, including a reliable back-up system;
- g. timely and accurate audit trail and the capability to provide statistical information and reports;
- h. adequate accounting systems and proper reconciliation processes.

8 Interoperability and Infrastructure Sharing

- 8.1 All payment facilities to be introduced by operators shall conform to specified National Payment System requirements to attain infrastructure sharing and interoperability.
- 8.2 An operator or issuer shall ensure consistently that the infrastructure and technological equipment set up are interoperable and scalable as required by the Reserve Bank from time to time.
- 8.3 No operator or issuer shall enter into infrastructure sharing agreement without Reserve Bank approval.

9 Records Management

- 9.1 The payment system providers and participants shall retain manual and or electronic records regarding the payment system operations.
- 9.2 The minimum retention period for such records shall be ten years unless a higher minimum period is prescribed in terms of AML/CFT or electronic communications legislation in the country.

10 Outsourcing

- 10.1 An operator or issuer intending to outsource operational or managerial functions shall require specific authorization from the Reserve Bank.
- 10.2 Outsourcing of important operational or managerial functions may not be undertaken in such a way as to impair the quality of the issuer's internal controls and the ability of the Reserve Bank to monitor compliance with all obligations laid down in these Guidelines or any further measures adopted to ensure oversight of the national payment system.
- 10.3 For the purposes of sub-section 10.2, a function shall be regarded as important if a defect or failure in its performance, in the view of the Reserve Bank, would materially impair the continuing compliance of an issuer with the requirements of the applicable laws, these Guidelines and/or the terms of its authorization, or would otherwise substantially compromise its financial performance, or the soundness or the continuity of its services.
- 10.4 Once an issuer outsources important functions, it must comply with the following conditions: (i) the outsourcing shall not result in the delegation

by senior management of its responsibility; (ii) the relationship and obligations of the issuer towards the users of any relevant payment instrument shall not be altered; (iii) the conditions with which the issuer is to comply in order to be authorised and remain so in accordance with these Guidelines shall not be undermined; and (iv) none of the other conditions subject to which the authorization was granted shall be removed or modified.

11 Use of Agents

11.1 When an issuer intends to offer a payment instrument to users through an agent network, it shall submit the following minimum information and documents to the Reserve Bank:

(a) criteria for appointing the agents:

- i. the name, address;
- ii. nature of business;
- iii. company/individual profile;
- iv. major source of funds;
- v. Valid license/vendor number or Partnership Agreement, Certificate of Incorporation, CR14(for Corporates);
- vi. Tax clearance certificates(where necessary)
- vii. Capacity (e.g. Electronic float and cash to assist customers);
- viii. Signed agent application form;
- ix. Passport size photo of the directors;
- x. Copies of directors' National Identity Documents (ID) or individual owners;
- xi. Proof of residence of the directors/owners or proof of physical address for business premises (For all forms of business, proof of residence can be, bank statement or utility bill that is not older than 3 months, a valid trading license showing the business address;

- xii. a copy of lease agreement for rented premises supported by landowners' ID or an affidavit with a Commissioner of Oaths or police stamp, In rural areas where this may not always be available;
 - xiii. a copy of ID of the landowner and a letter from the landowner confirming that they are operating from their premises;
- (b) All documents submitted should be certified copies. A description of the internal control mechanisms that will be used by agents in order to comply with the obligations in relation to anti-money laundering (AML) and combating terrorist financing (CFT);
 - (c) The identity of directors and persons responsible for the management of the agents to be used in the provision of the services;
 - (d) Notwithstanding that, the minimum fitness and propriety requirements for all agents shall be applied accordingly to promote financial inclusion without compromising risk management.
 - (e) Copy of the agency agreement, containing at a minimum clear indication of tasks of the agents and consequent allocation of liabilities, responsibilities and duties of the agents towards the users, and the applicable liquidity and security standards.

11.2 When the Reserve Bank receives the information in accordance with subsection 11.1, it shall review it and decide whether to authorise the agreement as contemplated or with amendments. No agent shall carry out any activities under the agency agreement prior to this being authorised. Before authorizing the agreement, the Reserve Bank may, at its discretion, take further action to verify the information received. If, after taking action to verify the information, the Reserve Bank is not satisfied that the information provided is accurate, it shall reserve the right to deny the authorization.

- 11.3 The principal shall ensure that agents acting on its behalf inform customers of their acting as agents of a specific principal and shall publish their list on its website.
- 11.4 The issuer is expected to supervise, equip and train its contracted agents. Issuer is also expected to provide compliance reports on their agents as advised by the Reserve Bank from time to time,
- 11.5 Exclusivity agreements shall be prohibited in so far as they limit competition in the country and/or foreclose the market. However any exclusivity agreement shall be duly submitted to the Reserve Bank for consideration. The provider must provide justification for such arrangements to be considered for approval by the Reserve Bank.

12 Liability

- 12.1 When an operator or an issuer relies on third parties for the performance of operational or managerial functions, they shall take reasonable steps to ensure that the requirements of these Guidelines and any further measures by the Reserve Bank are complied with.
- 12.2 The operator or issuer shall remain fully liable for any acts of their employees, or any agent, branch or entity to which activities are outsourced.

13 Remittances

- 13.1 All authorised or licensed remittances service providers, both domestic and international, for both in-bound and out-bound remittances need to be registered, licensed and are subject to regulation by the Reserve Bank.

- 13.2 Payment services providers, participants and agents shall ensure compliance with local and international remittances standards in line with market developments for the benefit of consumers.

14 Rights and Responsibilities of Each Stakeholder

- 14.1 An issuer must ensure that the rights and responsibilities of all stakeholders (including users and merchants) are clearly set out in the relevant contracts.
- 14.2 The terms and conditions for the use of retail payment instruments should be easily accessible and understood by the user.
- 14.3 An issuer shall put in place a system to maintain accurate and complete record of transactions executed by the relevant user.
- 14.4 At a minimum, users are required to observe the following:
- a. Keep the personal identity number (PIN) confidentially;
 - b. Continuously familiarize with the product terms and conditions;
 - c. Not use or allow their gadgets to be used for illegal activities; and
 - d. Immediately and procedurally raise or report any anomaly observed or suspected.

15 Consumer Protection, Education and Privacy

- 15.1 Every issuer must continuously put in place measures to address consumer protection, privacy, education, and awareness.
- 15.2 The issuer should in particular ensure that it:
- a. adopts general policies on safe operations, privacy of customers information, reliable and quality service, transparency of product and services, and prompt response to inquiries, complaints, refund demands and disputes;

- b. ensures that users understand terms and conditions on a continuous basis;
- c. puts in place effective and efficient dispute resolution mechanisms;
- d. provides adequate warning statements to users and merchants on any known pending or potential threats, lost or stolen payment instruments or access devices, or fraudulent transactions.

15.3 An issuer shall provide clear terms and conditions for use of the instrument, which should be made publicly available. The issuer must obtain acknowledgement from its users and merchants prior to their participation in the scheme. In this regard automatic registration of customers is not permissible.

15.4 Details of scheme should include at a minimum:

- a. type of payments and services that can be made;
- b. applicable fees and charges which the user should be made aware of before conducting any payment transaction;
- c. availability of user's statement;
- d. procedures for reporting losses or stolen instruments/devices and means to lodge a complaint;
- e. refund policies;
- f. rights and responsibilities of users and merchants;
- g. termination rules;
- h. redemption procedures, when relevant;
- i. dormancy account and unclaimed funds requirements and procedures
- j. Procedures in the event of death or incapacitation of the user and a monthly return should be submitted to the Reserve Bank.

15.5 A monthly return on dormancy account should be submitted to the Reserve Bank;

15.6 Approved procedures for reversal of funds should at a minimum provide for the following:

- a) Reversal of funds should be procedurally conducted immediately after the operator receives the request from the sender that the transaction was a result of genuine error.
- b) The receiver of the funds should have his/her wallet account frozen by the same amount and advised immediately.

15.7 A record of all reversals should be kept and submitted to the Reserve Bank through monthly return or periodic return.

16 Prudent Management of Funds

All operators should observe the following minimum standards to ensure prudent management of funds:

- 16.1 An issuer shall manage the funds collected from users prudently to ensure timely refund of balances to users and payment to merchants.
- 16.2 Issuers shall also ensure that they have sufficient liquidity for their daily operations.
- 16.3 Funds collected from or on behalf of users should be deposited and managed separately from the issuer's working capital funds.
- 16.4 An issuer of e-money shall have funds deposited into an escrow/trust account with one or more licensed deposit taking institutions (DTIs) before e-money is issued. In fact the e-money issued must be less than or equal to the actual deposits or transfers presented for exchange.
- 16.5 All charges or credits should be debited or credited immediately to the customer account at the time of transaction or redemption
- 16.6 There should be integration of systems between the DTI and the e-money issuer to promote efficient, safe and sound payment systems.

17 Management of Escrow /Trust /Banking Services Account

- 17.1 An issuer of e-money or operator shall establish a trust account in a deposit taking financial institution for purposes of effective management of consumer funds.
- 17.2 Every trust account shall be administered by a board of trustees approved by the Reserve Bank in line with an approved constitution and trust deed.
- 17.3 The issuer shall ensure that, the necessary documentation to operationalize the trust account are in place and include among others the following:
- a) Trust Deed, and
 - b) Charter or constitution

18 Reporting Requirements

- 18.1 An issuer shall submit or avail to the Reserve Bank:
- a. Its audited financial statements, management accounts, internal and external audit reports.
 - b. Weekly, monthly and ad-hoc transaction reports showing, among others, transactions with agents and between agents, total number of cash in/ cash out, bills paid, transactions specified per gender age, region and any other data the Reserve Bank may from time to time consider necessary for its oversight activities.
 - c. Weekly and monthly reconciliation statement between the trust account balance and the total e-money in circulation.
 - d. Periodic and ad-hoc reports on consumer protection issues as defined by Reserve Bank.

- e. Mechanism to enable on line read only functions to the platform for monitoring purposes.

19 Compliance with AML/CFT legislation

- 19.1 Providers of retail payment systems and instruments shall meet the requirements and comply with AML/CFT procedures, as well as regulations and guidelines issued by the Financial Intelligence Unit or Reserve Bank.
- 19.2 Payment system providers shall also ensure that any third party acting on their behalf or agents shall comply with relevant requirements.
- 19.3 The terms of this section shall not imply by any means that agents are not liable for their actions under existing legislation on AML/CFT and other relevant legislation of the country.

20 Prohibitions

- 20.1 An issuer shall not:
 - a. issue e-money at a discount;
 - b. use the money collected from or on behalf of users to extend loans;
 - c. extend credit to the user, or pay interest or profits on the e-money balances, or anything else that would add to the monetary value of the e-money;
 - d. associate, link or use the e-money scheme or platform to conduct or facilitate illegal activities.

- e. Provide any other service not approved by Reserve Bank

20.2 Merchants and agents who are also users of e-money shall maintain a separate user account for making payments for their own behalf.

21 Measures on Electronic Transfers and Electronic Operations

21.1 Operators of electronic payment systems and issuers of retail payment instruments under these Guidelines shall comply with all relevant laws and regulations on electronic transfers, and comply with any of their requirements for irrevocability of orders, finality of payments and interoperability of systems.

21.2 Rules on authentication of payment transactions, execution of payment orders and other rules on users' protection as established by the Reserve Bank from time to time and/or relevant payment systems shall be applied.

22 Electronic Transactions Limits

22.1 The Reserve Bank, within its oversight powers, may from time to time impose limits on any kind of transactions to be executed by specific instruments, such as internet banking, card and/or mobile payments, as well as thresholds and number of transactions permitted within a certain period for individual instruments.

23 Existing Schemes, Systems or Products

- 23.1 Any entity offering retail payment instruments or operating retail payment systems on the effective date of these Guidelines shall structure their organization, administration, and operations to the requirements of these Guidelines within six months from the effective date of these Guidelines or any extended period as the Reserve Bank may determine.
- 23.2 Banks or other entities jointly providing payment services linked to bank accounts and retail payment instruments as covered by these Guidelines, shall obtain an authorization for the payment instrument or scheme covered by these Guidelines.
- 23.3 When submitting information and documents to seek authorization from the Reserve Bank under these Guidelines, entities seeking authorization must indicate and provide documentation on existing links between the different payment products offered, irrespective of the need for a bank account, measures in place to mitigate the risks assessed, as well as any cases of shared use of infrastructures or operations, including the use of agents for the provisions of different financial services.

24 Payment Systems Associations

- 24.1 Payment systems providers, participants and agents are required to establish, join and participate in the respective associations to facilitate collaboration and

standardization of business conduct for the development of payment systems.

24.2 The associations should be governed by a constitution or charter approved by the Reserve Bank to ensure regulatory compliance.

Effective date of guidelines

The effective date of operation of the Guidelines is 1 July 2017

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