



Guide to Payment Regulations: Edition 2

Bangladesh Indonesia Nigeria Philippines
Saudi Arabia South Africa United Arab Emirates Vietnam

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Foreword

In recent years, the global payment landscape has been going through rapid evolution bolstered by advanced developments in technology and the exponential growth of fintechs. While fintechs bring new forms of payment innovations, regulators are also keeping up by reviewing, updating – and in some instances introducing – payment regulations to ensure a safe and secure financial ecosystem and overall economic stability.

The regulations that govern the provision of payment services tend to vary across jurisdictions. Corporates and fintechs that aspire to provide or facilitate such financial activities often find it challenging to interpret and understand these regulatory developments.

In collaboration with Allen & Overy, one of the largest and most connected law firms in the world, Standard Chartered presents the **Guide to Payment Regulations: Edition 2**. The guide aims to address some of the key challenges in selected jurisdictions by providing a market-specific overview of prevailing regulatory frameworks and licensing schemes.

Drawn from our collective experiences and expertise, the guide also features a Q&A section to address key questions corporate and fintech clients typically face when assessing business activities that may fall within the regulated scope.

Many readers have found our first edition – [Guide to Payment Regulations: Asia](#) – practical and useful. We hope you will get as much out of this guide as the first. Please contact your relationship manager or reach us at transaction.banking@sc.com if you would like to find out how these can be relevant for your organisation.

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User Notes

This guide has been developed for Standard Chartered's corporate and fintech clients seeking general information on regulations related to the provision of payment and e-money services. E-money services, in this regard, refer to stored value facilities.

Regulations pertaining to digital assets and cryptocurrencies are not within the scope of this guide, although increasingly we see regulators engaging in dialogues and consultations with industry participants to evaluate effective measures to regulate companies involved in the issuance and exchange of digital assets.

The information in this guide is for informational purpose only and is not intended or recommended as a substitute for professional legal advice. Please seek the advice of your legal and other professional advisers regarding whether the provision of payment and e-money services in your business context will be deemed as a regulated activity and what the licensing requirements are.

For information on Standard Chartered's presence and offerings in each market, please reach out to your relationship manager or transaction banking sales manager.

The following page sets out how the content has been organised for each market. Please note that the information for each market is presented as of the date specified, and any subsequent developments would not be reflected. Having said that, our intent is to update the guide from time to time to reflect significant regulatory developments since the last edition.

Introduction

This section outlines the prevailing laws and regulations governing payment and e-money services in the jurisdiction as well as who the regulating authorities are.

Regulated Scope

This section summarises the relevant regulated services/activities as well as certain exemptions (non-exhaustive) that may be applicable. Where the local regulatory framework covers digital payment token services or operation of retail payment systems, etc., such information may be included to provide a complete overview from a regulatory framework perspective only. This guide focuses only on the provision of payment and e-money services.

Licensing Scheme

This section summarises the key types of licences or registrations applicable to payment and e-money services. Industry or sector specific regulatory or compliance requirements are not considered in this section.

Other Key Licensing Requirements

This section summarises certain key requirements for obtaining the relevant licences or registrations, such as local incorporation/premises, minimum capital or financial requirements, compliance requirements with respect to anti-money laundering and countering the financing of terrorism (AML/CFT), data storage/localisation, etc.

Please note the regulators have the discretion to impose a fee for the licensing/registration application. This guide does not cover the information on such fees. Please seek the advice of your legal and other professional advisers regarding the licensing/registration application fee.

Safeguarding Customer Monies

Customer Monies refer to the funds that the licensed/registered entity receives and holds on behalf of its customers.

This section provides a high-level view on certain safeguarding requirements that may apply to the licensed/registered entity. There may also be specific requirements imposed by regulators in your licensing/registration application journey.

FX Controls

This section provides a high-level view on foreign exchange regulations in the context of payment and e-money services. There may also be specific requirements or controls imposed by regulators in your licensing/registration application journey.

Common Questions

This section provides generic responses to a few commonly asked questions related to the provision of payment and e-money services e.g., whether licensing is applicable for Business-to-Business (B2B) eCommerce platforms, whether the licensed entity is allowed to provide other financial activities such as lending and paying interest to their customers, and so on.

Please note that the responses provided are not intended or recommended as a substitute for professional legal advice. Please seek the advice of your legal and other professional advisers on how the regulatory framework will apply in your business context.



Bangladesh

Introduction

The rules and regulations regarding payment and settlement services in Bangladesh are pre-dominantly set out in the Bangladesh Payment and Settlement System Regulations 2014 (BPSSR), Guidelines for Trust Fund Management in Payment and Settlement Services, 2021 by Bangladesh Bank (BB) and Bangladesh Mobile Financial Services Regulations 2022 (MFS).

In Bangladesh, any company that desires to provide a payment service or operate a payment system need to apply to the Bangladesh Bank for a license.

Regulated Scope

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Bangladesh Payment and Settlement System Regulations 2014 (BPSSR)		
Payment Systems	Any mechanism or arrangement for the processing, clearing and/or settlement of funds, but excludes: <ul style="list-style-type: none"> • A clearing house recognised under any other law; • An in-house system operated by an entity solely for his own administrative purposes that does not transfer, clear, or settle funds for third parties. • Such other systems or arrangements as may be prescribed by law. 	No applicable exemptions.
Payment Services	A service that enables any of the following: <ul style="list-style-type: none"> • Cash deposits and withdrawals. • Execution of payment transactions. • Issuing and/or acquisition of payment instruments, which include but not limited to cheque, drafts, fund transfers initiated by any paper or paperless devices (such as ATM, PoS, internet, telephone, mobile), payment cards, storage of electronic money¹, and so on. • Money remittance and any other services functional to the transfer of money. 	No applicable exemptions. Note: Providing solely online or telecommunication services or network access is not considered to be providing a payment service and hence not required for regulatory approval
Bangladesh Mobile Financial Services Regulations 2022 (MFS)		
Mobile Financial Services (MFS)	Provide the following broad categories of payment services: <ul style="list-style-type: none"> • Cash-in to and cash-out from MFS accounts through agent locations, bank branches, ATM, cards, linked bank accounts and other methods approved by the BB. • Payments in the nature² of Person to Business (P2B), Business to Person (B2P), Person to Person (P2P), Business to Business (B2B), Government to Person (G2P) and Person to Government (P2G). • Online and e-commerce payments. • Disbursement of inward foreign remittances. • Loan disbursements to borrowers, vendor payments, etc. • Other payments approved by the BB. Note: <ul style="list-style-type: none"> • When MFS provider performs duties as a PSP and as an authorised agent, the MFS provider will be under the direct supervision of BB's Payment Systems Department (PSD). • When MFS provider acts as agents to facilitate deposit taking, lending and other financial services, the regulatory compliance rests with the principal(s) that have engaged with the MFS provider as their authorised agents. 	No applicable exemptions.

Note 1: Means electronically, including magnetically, stored monetary value 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.

Note 2:

Payment Nature	Examples (non-exhaustive)
P2B	Utility bills, educational institutional fees, merchant payments, mobile top-up, deposits into savings accounts/schemes with banks/non-bank financial institutions (NBFIs), loan repayments to banks/NBFIs /non-governmental organisations-microfinance institutions, insurance premiums to insurance companies, etc.
B2P	Salary disbursements, dividends, refund warrant, discounts.
P2P	One MFS personal account to another MFS personal account with the same MFS provider or another MFS provider; payments from one MFS account to a bank account and vice versa.
B2B	Vendor payments, supply chain management payments.
G2P	Pension, old age allowances, freedom-fighter allowances, subsidy payments to farmers.
P2G	Taxes, fees, levy payments, toll charges, fines.

Licensing Scheme

To obtain a license from the BB, an applicant may be required to maintain capital adequacy at levels as specified by the BB from time to time. Capital level will be determined by the type of service, average value of payments, aggregate value and other factors as the BB deems necessary.

Type of Licenses	Additional Information	Minimum Capital
Payment System Operator (PSO)	<ul style="list-style-type: none"> PSO operates a settlement system for payment activities between/among participants of which the principal participant of such settlement system must be a scheduled bank or financial institution maintaining accounts with the BB for meeting Cash Reserve Requirements. PSO provides the payment services as approved in the license. PSO shall not issue e-money or payment instrument in any form. Settlement of transactions shall be done through scheduled commercial bank. 	BDT5 million
Payment Service Provider (PSP)	<ul style="list-style-type: none"> PSP provides payment service(s) to its participants or to a payment system for the purpose of facilitating payment(s) or payment processes and settling their transactions through a scheduled commercial bank maintaining accounts with the BB for meeting cash reserve Requirements. PSP provides the payment services as approved in the license. PSP may issue e-money or payment instruments under terms and conditions of its license and subsequent rules and regulations of BB. 	BDT200 million
MFS providers (MFS) - act as PSP as defined in the BPSSR	<p>Only a subsidiary-model based MFS is permitted¹ and eligible applicants are:</p> <ul style="list-style-type: none"> Scheduled commercial Bank Financial Institutions licensed by BB Government entity <p>Note: Two or more scheduled commercial banks/FIs/Government entities may jointly form a new MFS (with or without non-bank equity participants to begin with) setting up one of the banks/FIs/Governments Entities as a parent bank/FI/Government Entity.</p>	<p>BDT450 million, additionally,</p> <ul style="list-style-type: none"> A further cushion of capital reserve equal to the amount of paid-up capital will have to be built up from retained earnings, at a rate not less than 10% of annual after-tax profits, to mitigate risks. The parent bank/FI/government entity must maintain at least 51% of the equity capital.

Note 1: Scheduled commercial banks that are already in MFS operation are permitted to continue with the existing license or may form a subsidiary exclusively as a MFS provider.

Other Key Licensing Requirements

Local Incorporation/ Premises	Yes, required.
Minimum Capital/ Financial Requirement	Refer to previous section above.

Compliance	In Bangladesh, key compliance requirements are based on the Money Laundering Prevention Act 2012 (MLPA), Anti-Terrorism Act (2009) ATA and circulars or instructions issued by Bangladesh Financial Intelligent Unit (BFIU).
Data Storage/ Localisation	<p>The data protection regime in Bangladesh is still in its early stage of deployment. The “General Data Protection Laws” referred to as below are not sector specific and applicable to any entities dealing with customer data, which covers data of both individuals and corporate entities:</p> <ul style="list-style-type: none"> • Information and Communication Technology Act 2006 • Digital Security Act 2018 • Digital Security Rules 2020 <p>Under the General Data Protection Laws, any person who collects, sells, takes possession of, supplies, or uses any person's identity information without legal authority, may be subject to punishment. Additionally, FIs are required to comply with the Guideline on Outsourcing Arrangement as well as Guidelines on ICT Security for Banks and NBFIs issued by BB. Under the Guideline on Outsourcing Arrangements, any outsourcing outside Bangladesh will require prior approval from BB. It is also worth noting that one of the eligibility criteria for PSP is to maintain appropriate technology infrastructure within Bangladesh.</p>

Safeguarding Customer Monies

The BB has issued the guidelines for trust fund management in payment and settlement services, applicable for PSO, PSP, MFS, and any other authorised non-bank entity, to protect the interests of these service providing entities' customers.

Establishment of the Trust Fund

The money received by PSO, PSP, MFS, and any other authorised non-bank entity from its customers and, or participants for issuing e-money/payment instruments and, or settlement of transactions or sales proceeds or any other fund directed by BB need to be held in the trust fund:

Trustee	Beneficiaries	Overseer of the Trust Fund
PSO, PSP, MFS, any other authorised non-bank entity or any other person or entity authorised by the BB, shall be the Trustee.	The customers and, or participants who have lawful payment and settlement claims on the fund.	The Bangladesh Bank (on behalf of the beneficiaries).

In any circumstances, the trust fund is kept secured for the beneficiaries from other liabilities of the service provider.

Instances of Trust Fund Establishment

Licensees	Instances of Trust Fund Establishment (non-exhaustive)
PSO	PSO providing merchant acquiring/collection services holds merchants' sale proceeds on trust for an agreed-upon time before settlement. Therefore, the money reflects a liability of the PSO to its actual owner i.e., the merchants.
PSP/MFS Provider	<ul style="list-style-type: none"> • Authorised to issue e-money and, or payment instruments in exchange for an equal amount of legal tender. • The e-money and, or payment instrument creates a liability of the issuer to the bearer. Hence, the issuer holds the legal tender on trust against its liability arises from the issuance of e-money and, or payment instrument.
Other Non-Bank Entity	Facilitates payment and, or settlement services and is required to hold fund of its customers and, or participants on trust in accordance with the approval of BB.

Key Requirements for Trust Fund Operation

Trust Cum Settlement Account (TCSA)	<ul style="list-style-type: none"> • Open and maintain, subject to the prior approval from BB, Trust Cum Settlement Account(s) in local currency with the scheduled commercial bank(s). • To close or transfer the TCSA requires prior approval from BB. • The TCSA and the trust fund cannot be used for/co-mingled with other day-to-day company operations of the Trustee. • In case of multiple TCSAs, the Trustee may transfer money from one TCSA to another TCSA. • Cash withdrawal is not allowed.
Balance	<p>At each day end, the Trustee shall ensure that the trust fund is greater than or equal to the outstanding liability to its customers and, or participants for issuing e-money/payment instrument and, or settlement of transactions or sales proceeds.</p>
Investment¹	<ul style="list-style-type: none"> • A certain portion, as instructed and, or approved by BB from time to time, of the trust fund must be invested in approved government securities, Fixed Deposit Receipt (FDR) and/or any other approved instrument. • E.g., below two types of MFS providers need to invest no less than 25% of the physical cash balance in Government Securities and keep the remaining with the settlement bank. <ol style="list-style-type: none"> 1. Banks providing MFS without forming a subsidiary and MFS users are not under deposit insurance coverage. 2. Subsidiary model-based MFS providers.
Interest	<p>To maintain separate Operational Account linked to TCSAs for receiving interest and service charges. Any interest earned on the trust fund should be applied in the following way and following order of priority:</p> <ul style="list-style-type: none"> • Pay any operating expenses of the trust fund including any government and/or bank fees. • Pay expenses of the customer awareness and loyalty programs. • The remaining balance may be paid as operating fees to the Trustee.
Monitoring	<ul style="list-style-type: none"> • The Bank and Trustee should monitor transaction caps (if any) for transactions through TCSA. • The Trustee shall monitor debit/credit entries in the TCSA carefully and ensure compliance with relevant rules and regulations.

Note 1: Banks providing MFS without forming a subsidiary and MFS users are under deposit insurance coverage, will be waived from investing from Government Securities.

FX Controls

The foreign exchange regime is monitored strictly by the BB. As such, under the Payment and Settlement Laws, PSP licensees are not allowed to remit money abroad. No outward or cross-border payment transactions shall be undertaken by MFS providers, as these can only be handled by the Authorized Dealer branches of scheduled banks in Bangladesh.

MFS providers may handle foreign inward remittances only if the foreign inward remittances are received through credits in Nostro Accounts of scheduled commercial banks in Bangladesh and paid out of the same, and only in BDT to MFS accounts of the beneficiaries.

Common Questions

1. Do the licensing requirements apply to Business to Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in Bangladesh to provide cross-border payment services?

Yes, foreign PSPs that provide payment services to its clients in Bangladesh need to be licensed.

The BB has the jurisdiction to authorize certain cross-border payment services activities carried out by foreign PSPs whose operations affect payment systems in Bangladesh and effect pay-outs on behalf of their overseas clients to recipients in Bangladesh.

3. Are there any key restrictions or thresholds that MFS providers need to operate within?

BB has fixed the following limits on MFS accounts:

Maximum balance at any point	BDT300,000
Daily transfer limit to Bank Account	BDT50,000
Cumulative monthly transfer limit to Bank Account	BDT300,000
Cash-in limit on MFS Account	BDT30,000
Cumulative monthly cash-in limit on MFS Account	BDT200,000
P2P daily transfer limit	BDT25,000
Cumulative monthly P2P transfer limit	BDT200,000
Daily transfer limit from bank account to MFS account	BDT50,000
Cumulative monthly transfer limit from bank account to MFS account	BDT300,000

4. Can licensees provide any lending or pay interest to their customers in Bangladesh?

No, it is not allowed. No loan or interest pay-outs are permissible against the trust fund and/or any other instruments that are derived from the trust fund. Additionally, MFS providers are prohibited from engaging in taking deposit and lending from their own funds.



Indonesia

Introduction

In July 2021, Bank Indonesia issued the Regulation No. 23/6/PBI/2021 on Payment Service Providers (“BI Regulation 23/2021”) which uses an activity-based approach to regulate payment services. This regulation revokes several payment services regulations related to payment transaction processing, card-based means of payments, financial technology implementation, electronic money (e-money), fund transfers, and regulations and supervision of payment system and Rupiah management.

The BI Regulation 23/2021 aims to provide a comprehensive and transparent licensing framework that supports the objective of a fast, affordable, safe, and reliable payment system infrastructure, yet also accommodates development and innovation of related business models. A party must not carry on a business providing the payment services under a regulated scope without obtaining the licenses from Bank Indonesia. Both banks and non-bank institutions can apply to be PSPs providing services to facilitate payment transactions to users.

Regulated Scope

The BI regulation 23/2021 regulates 4 categories of payment services as summarised in the table below. The regulation also sets out guidelines and requirements for PSPs who cooperate with PIPs (payment system infrastructure providers) and supporting providers to provide payment services.

A PIP is a party operating infrastructure that may be used for funds transfer for the interest of its members such as clearing and settlement activities.

A supporting provider is a party cooperating with PSPs and PIPs to support the technical operation of payment system activities. For instance, a supporting provider is a party supporting the forwarding of payments from the PSP to merchants, such as a merchant aggregator. However, a supporting provider is prohibited from accessing and/or administering source of fund and payment transaction processing control remains with the PSP.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Provision of Information on Source of Fund¹ (known as Account Information Services)	<p>Provide information on source of fund for payment initiation according to the user's approval.</p> <p>This activity is conducted through cooperation and/or interconnection with a PSP conducting source of fund administration activities or other PSP as determined by Bank Indonesia.</p>	No applicable exemptions.
Payment Initiation and/or Acquiring Services	<p>Provide payment transaction forwarding activities defined as:</p> <ul style="list-style-type: none"> Forwarding orders or instructions of fund transfer through instruments, media, and/or a set of procedures using a certain method or technology in payment transactions; and/or Forwarding payment transaction data in the form of instrument data, payment transaction nominal amount data, etc. <p>Card-based payment transaction processing is, thus, covered under this activity scope.</p> <p>When conducting payment transaction forwarding, a PSP may:</p> <ul style="list-style-type: none"> Store source of fund data and/or access to source of fund including providing a platform to facilitate users to store data on source of fund and access to source of fund. Process payment transactions using different instruments. Acquire merchants that sell goods and/or services and receive payments from PSP users. Advance payments with the banks for payment to merchants; and/or disburse funds to merchants. 	<p>If the service is provided in the form of storing data on users' payment instruments and there are less than 300,000 active users.</p> <p>Note: Bank Indonesia may adjust the limit of number of active users exempted from licensing considering:</p> <ul style="list-style-type: none"> Transaction development Public or industry needs Risk management Consumer protection; and/or Encourage expansion of acceptance, efficiency, competition, service, and innovation

Note 1: Means a collection of money administered in a designated account to fulfil the users' obligations in payment transactions, for example, an e-money account or an account consisting of a credit facility such as credit card.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Administration of Source of Fund (known as Account Issuance Services)	<p>Provide below two activities:</p> <ul style="list-style-type: none"> The administration of source of fund accounts, accompanied by issuance of access to source of fund for users. This can be in the form of ATM cards and/or debit cards, credit card issuance, e-money issuance, etc. The authorisation of payment transaction by: <ol style="list-style-type: none"> Verifying or authenticating the identify of source of fund owners conducting payment transactions. Validating access to source of fund and the executed payment transactions; and Ensuring source of fund adequacy. <p>The e-money service may be provided by banks and non-banks as e-money issuers and offers the following features:</p> <ul style="list-style-type: none"> Top up². Payment transaction for shopping. Bill payment. Fund transfer³ and cash withdrawal⁴ for open loop and registered e-money. Other features approved by Bank Indonesia. <p>To further provide digital financial services through cooperation with 3rd parties (digital financial services agents) in addition to e-money issuance, the PSP must first obtain the approval from Bank Indonesia. The digital financial services agents must be Indonesian entities or individuals who had gone through a due diligence process by the PSP.</p>	<p>A closed loop⁵ e-money issuer with a floating fund⁶ of less than IDR1 billion.</p> <p>Note:</p> <ul style="list-style-type: none"> The limit of floating fund amount is calculated based on all closed loop e-money operated by the issuer The closed loop e-money issuers are required to implement risk management and comply with customer protection requirements Bank Indonesia may adjust the limit of floating fund of closed loop e-money exempted from licensing considering: <ol style="list-style-type: none"> The development of incoming payment transactions Public or industry needs Other aspects to encourage expansion of service acceptance and innovation
Remittance Services	<p>Provide fund transfer services in the form of acceptance and execution of fund transfer orders where source of fund does not come from accounts administered by remittance service providers.</p> <p>This activity can be inferred to cover domestic and cross-border money transfers. While BI regulation 23/2021 does not explicitly regulate cross-border transfers, the regulation does mention incoming and outgoing payment transactions may be processed onshore or offshore, allowing payment service activities to cover cross-border nature of flows.</p>	<p>No applicable exemptions.</p>
Other Services	<p>As determined by Bank Indonesia.</p>	<p>No applicable exemptions.</p>

Note 2: Must use a source of fund based on the fund deposited in advance and not based on a credit facility.

Note 3: Includes the following types of transfers and the transaction must be processed online and real-time:

- Between e-money users that can be between registered e-money and/or from registered e-money to unregistered e-money which is treated as top up.
- Transfer from an e-money user to a saving account.
- Transfer from an account to an e-money user which is treated as top up.

Note 4: A PSP that issues e-money with fund transfer feature must provide cash withdrawal facilities, unless required otherwise due to the implementation of government programs.

Note 5: Closed-loop means that the e-money can only be transacted to a single PSP (as the end-receiver of the fund) who is also acting as the sole merchant of goods/services to the payers.

Note 6: Refers to the entire value of e-money held at PSP resulting from e-money issuance and/or top up which becomes the PSP's obligations to e-money users and merchants.

Licensing Scheme

Regulated Services/Activities	License – Category 1	License – Category 2	License – Category 3
Provision of Information on Source of Fund (Known as Account Information Services)	Allowed	Allowed	Not Allowed
Payment Initiation and/or Acquiring Services	Allowed	Allowed	Not Allowed
Administration of Sources of Funds (Known as Account Issuance Services)	Allowed	Not Allowed	Not Allowed
Remittance Services	Allowed	Not Allowed	Allowed
Other Services	Not Allowed	Not Allowed	As determined by Bank Indonesia

Bank Indonesia will also classify PSPs into systematic PSP, critical PSP or general PSP depending on the degree of impact on payment system and/or financial system in the event the PSP experiences disruption or failure. The classification is assessed based on a few criteria such as size, interconnectedness, complexity, and suitability of the services. The classification will also determine the compliance requirements for capital ratio, risk management and security information system standards.

It is worth noting that a PSP is prohibited from cooperating with other parties to exclusively provide public services such as transportation, electricity, health, and education. The cooperation is regarded as exclusive if (a) it is conducted only between a public service provider and one or several PSP or PIP and (b) the public service payment activity depends on certain e-money products.

A PSP is also prohibited from accepting any virtual currency used as source of fund in payment transaction processing, processing any payment transaction by using virtual currency as source of fund and/or connecting any virtual currency to payment transaction processing.

Other Key Licensing Requirements

Local Incorporation/ Premises	Category 1 and 2 licenses	Limited liability company
	Category 3 Licence	Limited liability company or cooperative
Minimum Capital/ Financial Requirement	Category 1 Licence	Min. IDR15 billion
	Category 2 License	Min. IDR15 billion
	Category 3 License – if a system that can be used by other category 3 licensed PSPs is provided.	Min. IDR1 billion
	Category 3 License – if a system that can be used by other category 3 licensed PSPs is not provided.	Min. IDR500 million
Compliance	AML/CFT, risk management, fit and proper, user/customer protection, information system security standard, interconnection and interoperability mechanism, shareholding ownership, controlling requirements, approval for any product or activity development and cooperation with a third party ¹ , ongoing capital ² obligations (mandatory minimum requirements), Bank Indonesia policy on price scheme in payment system operation, code of ethics/conduct, etc.	
Data Storage/ Localisation	Data of every payment system transaction carried out in Indonesia must be placed in a data centre and disaster recovery centre located in Indonesia and shall be processed domestically. Processing payment transactions and storage of data outside the territory of Indonesia requires an approval from Bank Indonesia and is allowed for only a select category of systems and purposes.	

Note 1: Other PSPs, PIPs and/or support providers.

Note 2: Calculated according to the transaction nominal amount and PSP classifications; Bank Indonesia also prescribes what core and supplementary capital can consist of.

Safeguarding Customer Monies

Under the BI regulation 23/2021, a floating fund is prescribed to be the asset or possession of e-money users under PSP's control and management as deposit fund. If the e-money issuer is declared bankrupt, the floating fund will not be part of liquidation or bankruptcy assets. Furthermore, e-money issuers are required to comply with the following allocation of the floating funds:

% of the floating funds	Place floating fund in the form of	Additional Information
At least 30%	Cash	For BUKU4 ¹ bank e-money issuers.
	Current account deposit in a BUKU4 bank.	For non-BUKU4 bank e-money issuers and non-bank e-money issuers.
Maximum 70%	In an account at Bank Indonesia, securities or liquid financial instruments issued by the government.	For all bank and non-bank e-money issuers.

Note 1: In Indonesia, category 4 (BUKU4) banks are those with a core capital of more than IDR30 trillion.

The e-money issuer must guarantee the security of the floating funds from any liquidity risk, credit risk, legal risk, market risk, and operational risk. As such, these funds can only be used to fulfil the e-money issuer's obligations to the e-money users and/or merchants.

All funds are prohibited from being used for other purposes besides the administration on source of fund (i.e., operational purposes or as a guarantee for third parties). Practically speaking, e-money issuers must record and monitor the sufficiency of the float funds, including depositing the funds on a separate account from the operational account of e-money issuers. The objectives of these procedures are to ensure that there are always sufficient funds for the redemption of the stored value remaining on the facility.

FX Controls

Under Law No. 7 of 2011 on Currency, every payment transaction in the territory of Indonesia must use Rupiah with a few notable exceptions such as international trade. While the BI regulation 23/2021 does not explicitly distinguish between domestic or cross-border payment services, PSPs are required to comply with foreign exchange regulations should the payment services provided involve foreign exchange activities.

In July 2022, Bank Indonesia issued the Regulation No. 24/7/PBI/2022 on Transactions on the Foreign Exchange Market and Board of Governors Regulation No. 24/10/PADG/2022 on Implementing Regulations for Transactions on the Foreign Exchange Market. Under these regulations, the FX transactions against IDR above certain thresholds must be based on underlying transactions. The thresholds are established based on the types of FX transactions such as:

- USD100,000 (or equivalent) for today, tomorrow and spot transaction per month per party.
- USD100,000 (or equivalent) for forward-purchase transaction per month per party.
- USD100,000 (or equivalent) for non-forward purchase transactions per transaction.
- USD5 million (or equivalent) for forward sale transactions per transaction.
- USD1 million (or equivalent) for non-forward sale transaction per transaction.

Transferring IDR abroad and extending IDR credit or financing to a non-resident is prohibited. However, IDR may be transferred to a non-resident's account at an Indonesian bank onshore. Transfers of IDR into non-resident's account will require supporting documents if the amount is above USD1 million per transaction.

Common Questions

1. Do the licensing requirements apply to Business to Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed PSP to process the payment transactions, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in Indonesia to provide cross-border payment services?

The BI regulation 23/2021 explicitly stipulates that providing cross-border payment services with an onshore PSP presence requires an approval from Bank Indonesia. However, the BI regulation 23/2021 is silent on whether cross-border payment services without an onshore presence also require such approval.

As such, under Indonesian law, cross-border money transfer services provided by a foreign PSP will be considered as regular cross-border fund transfers between foreign and local entities (i.e., a remittance services). Therefore, a category 1 or category 3 licence, both of which cover remittance services, is required for such foreign operators (e.g., foreign bank or foreign PSP) opening a non-resident account in Indonesia to facilitate payments to beneficiaries on behalf of their overseas clients.

As long as the transferred funds are derived from an Indonesian bank account or addressed to an Indonesian bank account, the relevant entity performing the cross-border payment service falls under the authority of Bank Indonesia and is required to obtain the applicable licence.

3. Are there any key restrictions or thresholds that e-money issuers need to operate within?

Yes, summarised below:

Key thresholds/restrictions	Type of e-money users	
	Registered ¹	Unregistered
Max stored value	IDR10 million	IDR2 million
Max transaction value in 1 month	IDR20 million ²	
Top-up method	Must use a source of fund based on the fund deposited in the advance and not based on a credit facility (e.g., credit card).	

Note 1: User's identity data is registered and recorded on the PSP system.

Note 2: Calculated from incoming transactions and does not apply to merchant's e-money account that is used only to receive payments of its goods and/or services transactions and may not be used for outgoing transactions such as pay for purchases, pay bills, fund transfer and/or cash withdrawals.

Furthermore, e-money issuers are required to increase the transaction security standard for e-money with value limit above IDR2 million by implementing at least two-factor authentication or any other security measures determined by Bank Indonesia.

4. Can licensees provide any lending or pay interest to their customers in Indonesia?

No, it is not allowed. Extending credit/lending or paying interests is a regulated financial activity and requires separate licensing such as being licensed as a bank or a credit company. The BI regulation 23/2021 also stipulated that the value of e-money does not constitute as savings as specified in the law on banking, and that the e-money issuer is prohibited from issuing e-money with a value higher or lower than the money deposited.



Nigeria

Introduction

In Nigeria, the Banks and other Financial Institutions Act 2020 (BOFIA) and the Central Bank of Nigeria Act (CBN Act) form the basis for the regulation of payment services in Nigeria and payment services are regulated based on activities. The nature of license or approval required is therefore determined by the type of regulated activities undertaken by a service provider.

The CBN Circular issued in December 2020 on new license categorisation for the Nigerian payment systems regulates switching and processing, mobile money operations, payment solution services and regulatory sandbox activities. For cross-border money transfer services, key regulations governing such activities and licensing/approval requirements are Guidelines on International Money Transfer Services in Nigeria and Guidelines on International Mobile Money Remittance Services in Nigeria (2015).

In addition, there are several regulations and guidelines that non-bank payment related service providers need to comply with for their intended activities such as the Regulatory Framework for Mobile Money Services in Nigeria (2021), the Regulatory Framework for the Use of Unstructured Supplementary Service Data (USSD) for Financial Services in Nigeria (2018), CBN Guidelines on Operations of Electronic Payment Channels (2020), CBN Guideline on the Issuance and Usage of Cards in Nigeria, the Regulation for Bill Payments in Nigeria (2018), CBN Guidelines for Contactless Payment (2023) and the CBN Framework for Quick Response (QR) Code Payments in Nigeria (2021).

The CBN also issued the Guideline on Licensing and Regulation of Payment Services Banks (PSB) in Nigeria that offers an alternative for mobile money operators to convert and operate as PSBs. The scope of a PSB is limited to maintaining savings accounts and accepting deposits, providing payment and remittance services, and operating e-wallets. This guide will not cover PSB.

Regulated Scope

Regulated Services/ Activities	Brief Description	Licensing Exemptions (non-exhaustive)	
CBN Circular on new license categorisation for the Nigerian payment systems (2020), the Regulatory Framework for Mobile Money Services in Nigeria (2021) and related circulars/amendments			
Switching and Processing	Provide switching, card processing, transaction clearing and settlement agent services, non-bank acquiring services (upon obtaining CBN's approval to act as a non-bank merchant acquirer), and any other permissible activities under Super-Agent, payment terminal service provider and payment solutions service provider licenses.	No applicable exemptions.	
Mobile Money Operations¹	<p>Provide e-money issuance, wallet creation and management, agency recruitment and management, pool account management, non-bank acquiring as stipulate in the regulatory requirements for non-bank merchant acquiring in Nigeria, card acquiring, and any other activities permitted by the CBN.</p> <p>Two models of mobile money services can be delivered:</p> <ul style="list-style-type: none"> • Bank-led: bank and/or its consortium of banks as lead initiator. • Non-bank-led: a corporate as the lead initiator; however, the telco-led model (where the lead initiator is a mobile network operator) is not allowed in Nigeria. <p>In addition, mobile money can be:</p> <ul style="list-style-type: none"> • Bank account based - debits/credits through a mobile money solution. • Card account-based - a payment card is linked to a mobile phone; can be debit/credit cards and pre-paid cards. • Stored value (e-wallet) account based - mobile money system drives transactions through a system-based account; can be re-loadable, pre-paid, etc. <p>To ensure interoperability of all schemes in the system, Mobile Money Operators (MMOs) are required to connect to the National Central Switch.</p>	No applicable exemptions.	
Payment Solution Services²	Super-Agent	<p>Perform agent recruitment, management and other activities as specified in the regulatory framework for licensing of Super-Agents in Nigeria.</p> <p>A Super-Agent is an institution licensed by the CBN to develop and manage agent networks and can be contracted by a principal for the purpose of providing financial services at agent locations.</p>	No applicable exemptions.
	Payment Terminal Service	Provide POS terminal deployment and services, POS terminal ownership, payment terminal application development, merchant/agent training and support.	
	Payment Solutions Services	Provide payment processing gateway and portal, payment solution/application management; and merchant service aggregation and collections.	

Note 1: The Guidelines for the Regulation of Agent banking and Agent banking relationships in Nigeria apply to mobile money agent networks.

Note 2: PSPs are not allowed to integrate their systems with IMTOs and must prevent comingling of remittances with other legitimate transactions.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Regulatory Sandbox	<p>This is aimed at stimulating innovation and deepening financial inclusion. Permissible activities are as determined in the Sandbox.</p> <p>The CBN will review the products and solutions of applicants (licensed institutions, fintechs, innovators and researchers) during its implementation.</p>	No applicable exemptions.
Guidelines on International Money Transfer Services in Nigeria		
International Money Transfer Services	<p>Provide permitted inbound and outbound international money transfer transactions, which consist of the following activities:</p> <ul style="list-style-type: none"> • Accept monies for the purpose of transmitting them to person resident in Nigeria or another country. • Cross-border personal money transfer services such as money transfer services towards family maintenance and foreign tourists visiting Nigeria. • Target individual customers mainly and the transactions shall be on “person-to-person transfer” basis to safeguard against corporate customers that might structure their transactions into smaller amounts to circumvent the statutory reporting threshold. <p>Note: In practice however, it is possible for the CBN to grant an IMTO license that covers person to person (P2P), business to business (B2B), business to person (B2P) and person to business (P2B).</p> <p>Non-permissible activities include but are not limited to:</p> <ul style="list-style-type: none"> • Maintaining current accounts on behalf of customers. • Act as custodian of funds on behalf of customers. • Engaging in institutional transfers; a money transfer service operator must not engage in any other business unless approved by the CBN. • Buying foreign exchange from the domestic foreign exchange market for settlement. <p>Note: The IMTO Guidelines provide that except with the express approval of the CBN, Deposit Money Banks³ are prohibited from operating as international money transfer service operators but can act as settlement/pay-out agents of a licensed IMTO.</p>	No applicable exemptions.
Guidelines on International Mobile Money Remittance Services in Nigeria (2015)		
International Mobile Money Remittance Services	<p>Provide permitted inbound and outbound transactions as follows:</p> <ul style="list-style-type: none"> • Inbound remittance: The transaction is limited to the receipt of monies transmitted via mobile phones and other handheld devices to persons resident in Nigeria and foreign visitors. • Outbound remittance: This includes all outbound person-to-person money remittance from Nigeria towards family maintenance. To safeguard circumventing the statutory reporting threshold, the mobile money remittance service shall target individual customers only. 	No applicable exemptions.

Note 3: Deposit money bank is a financial institution licensed by the regulatory authority to mobilize deposits from the surplus unit and channel the funds through loans to the deficit unit and performs other financial services activities.

Licensing Scheme

Regulated Services/Activities	Types of Licenses/Approvals		Minimum Paid-up Capital
CBN Circular on new license categorisation for the Nigerian payment systems (2020)			
Switching and Processing	Switching and Processing		NGN2 billion
Mobile Money Operations	Mobile Money Operation		NGN2 billion
Payment Solution Services	Super-Agent	Super-Agents	NGN50 million
	Payment Terminal Service	Payment Terminal Service Provider (PTSP)	NGN100 million
	Payment Solutions Services	Payment Solutions Service Provider (PSSP)	NGN100 million
	All three above	Payment Solution Services (PSSs)	NGN250 million
Regulatory Sandbox	Non-objection letter from CBN		Not applicable
Guidelines on International Money Transfer Services in Nigeria			
International Money Transfer Services	International Money Transfer Operator (IMTO)	Nigerian companies	NGN2 billion
		Foreign Company	NGN50 million or its equivalent plus the guarantee of the parent company.
	No objection letter from CBN if the money service operator wishes to engage a foreign technical partner to provide a payment or money transfer system.	For the technical partner: <ul style="list-style-type: none"> • Be a registered entity, licensed in its home country to carry out money transfer activities. • Minimum USD1 million net worth. 	
Guidelines on International Mobile Money Remittance Services in Nigeria (2015)			
International Mobile Money Remittance Services	Pre-requisite: hold a valid MMO license and is also licensed in its home country to carry on money transfer service. Needs to partner with at least an Authorised Dealer bank licensed in Nigeria to be eligible for the grant of CBN approval.		USD1 billion (net worth)

It is worth noting that under the CBN Circular on new license categorisation for the Nigerian payments (2020):

- Companies seeking to combine activities under the Switching and MMO categories are required to operate under a holding company structure, such that each subsidiary of the holding company will be permitted to undertake a single activity to prevent comingling.
- All licensed payment service providers in any of the collaboration between licensed payment companies, banks, and other financial institutions in respect of products and services are subject to CBN's prior approval.

Other Key Licensing Requirements

Local Incorporation/ Premises	Required except for IMTO which a foreign entity is allowed.
Minimum Capital/ Financial Requirement	Refer to previous section above.
Compliance	AML/CFT, customer due diligence, reporting, technology/infrastructure, risk management, consumer protection, engagement of an agent, etc.
Data Storage/ Localisation	There are no specific requirements to retain the data within Nigeria. Personal data can be shared freely to the whitelisted countries such as the United States, United Kingdom, Europe, Canada, and various other countries. Personal data can be shared with a non-whitelisted country under specific circumstances including but not restricted to execution of legal contracts, transferred in public interest, to defend legal claims etc.

Safeguarding Customer Monies

Under the CBN Circular on new license categorisation for the Nigerian payments system (2020), only Mobile Money Operators are allowed to hold customer funds. Other license holders (Super-Agents, PTSPs, and PSSPs) are not allowed to hold customer funds. Key requirements for MMOs and IMTOs under the Guidelines on International Money Transfer Services in Nigeria to safeguard and/or handle customer funds are summarised below:

Key Requirements	
Mobile Money Operators	<ul style="list-style-type: none"> All obligations arising from mobile money transactions must be settled into settlement accounts held with Deposit Money Banks. MMOs must maintain separate accounts for their other business activities. The settlement accounts with the Deposit Money Bank must be opened as Nominee Account on behalf of MMO's customers. The following conditions apply to the operation of the settlement account: <ol style="list-style-type: none"> The account should be non-interest bearing. No right of set-off. Debit transactions into the account shall only be for settlement related transactions. No charges of any form shall apply to the account. The settlement account must not be used as collateral for negotiation of loans. The balance on the settlement account must always be equal to the total outstanding (un-spent) balance of all holders of the e-money. MMOs must reconcile daily the balance in their pool accounts and make weekly returns to the CBN.
International Money Transfer Operators	<ul style="list-style-type: none"> Hold all customer funds for transfer in an account designated as customers' account domiciled with any deposit money bank (agent bank) in Nigeria. This account must be separate from all other accounts maintained by the IMTO. Agent bank (deposit money bank) in Nigeria will be responsible for final payments to beneficiaries/recipients. Keep accurate and up to date records and ensure that the records are verified daily.

FX Controls

Foreign exchange or otherwise foreign currency transactions in Nigeria are regulated. Thus, only authorised dealers (ADs) i.e., entities specifically licensed by the CBN to deal in foreign exchange are permitted to offer payment services that involve foreign exchange. For example, only licensed international money transfer operators are permitted to carry on the business of facilitating diaspora remittances into Nigeria.

Foreign exchange in Nigeria is primarily governed by the Banks and Other Financial Institutions Act (BOFIA), the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act (FEMMPA) and the FX Manual. Under the FEMMPA, any transaction supported by appropriate documentation and provided for under the FX Manual is an eligible transaction for the purchase of foreign exchange except where the transaction is prohibited by law.

In June 2023, the CBN introduced a few operational changes to the FX market, including the cessation of the RT200 program and the naira4dollar remittance scheme, which were introduced to incentivise remittance and encourage the inflow of foreign currency. These policy changes aim to promote transparency, liquidity, and price discovery in the FX market to improve FX supply, discourage speculation, enhance customer confidence, and ensure overall stability in the FX market. The CBN continues to monitor market conditions and issue circulars from time to time to regulate foreign currency market activities.

Common Questions

1. Do the licensing requirements apply to Business-to-Business (B2B) eCommerce platforms?

No, the CBN licensing scope does not include e-commerce businesses although e-commerce businesses have other compliance obligations outside of the CBN's regulatory purview. However, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in Nigeria to provide cross-border payment services?

Yes. However, it is possible to provide payment services on a cross border basis in partnership with a local licensee, such that the offshore payment service provider does not need to be licensed or registered in Nigeria. The CBN Circular on New License Categorisation for the Nigerian Payments System 2020 provides that collaborations between licensed payment companies, banks, and other financial institutions in respect of products and services are subject to the CBN's prior approval.

Specifically with respect to cross border remittances, the Guidelines on International Money Transfer Services in Nigeria recognise the use of an overseas technical partnership model for cross border remittances, albeit subject to the CBN's approval.

3. Are there any key restrictions or thresholds that licensees need to operate within?

Under the Regulatory Framework for Mobile Money Services in Nigeria (2021), the transaction and balance limit for Mobile Money Wallet are defined as below.

KYC Level	Daily Cumulative Transaction Limit (Outflow)	Cumulative Balance Limit
1	NGN50,000	NGN300,000
2	NGN200,000	NGN500,000
3	NGN5 million	Unlimited

Under the Guidelines on International Money Transfer Services in Nigeria, key restrictions, or thresholds that IMTOs need to comply are:

- The currency to be given to a money transfer agent for an outbound transfer must be in Naira.
- The permitted limit of the outbound money transfer is USD2,000 or its equivalent per transaction although the CBN may adjust the limit from time to time.
- If the beneficiary has no bank account nor mobile money wallet, payments must only be made upon a satisfactory reference from a current account holder in a bank, confirming that the beneficiary is the bona fide owner of the funds.

4. Can licensees provide any lending or pay interest to their customers in Nigeria?

No, it is not allowed. Extending credit/lending or paying interests is a regulated financial activity and requires separate licensing such as being licensed as a bank or a credit/finance company. Furthermore, Mobile Money Operators are not allowed to grant any form of loans, advances and guarantees, accept foreign currency deposits, accept any closed scheme electronic value (e.g., airtime) as a form of deposit or payment, underwrite insurance, and so on.

That said, the Nigeria Deposit Insurance Corporation (NDIC), which is responsible for overseeing insured institutions, and the CBN have jointly created the Deposit Insurance Guidelines on the Mobile Payments System for MMOs.

The 'pass-through deposit insurance scheme' approach adopted by the NDIC for mobile money subscribers requires MMO float accounts to be trust accounts at deposit money banks with e-money customers as beneficiaries. Should an insured institution fail, each e-money customer would be covered up to a limit of N500,000. The prescribed limit is, however, applicable to all other types of customer deposits with the same institution, including 'traditional' bank accounts.

MMOs are required to notify and seek approval from the CBN if they wish to offer Savings Wallet with the funds protected under this pass-through deposit insurance scheme. To operate a Savings wallet service, a MMO will need to open a Savings Wallet Principal Pool Account and a Savings Wallet Interest Pool Account with the settlement bank (deposit money banks).

Below highlights a few considerations which apply to MMOs that offer Savings Wallet:

- Funds on saving wallets shall be invested in only the Nigerian Treasury Bills.
- Ensure the sum of the principal amount invested and the balance on the Savings wallet principal pool account with the settlement bank equals the sum of outstanding balances of Savings Wallet holders.
- Fees and charges for the management of the investment shall not be more than 10% of interest income on savings wallet funds investment.
- Expressly inform subscribers the minimum balance on the savings wallet that qualify to earn interest, the allowable number of withdrawals to be entitled to earn interest, the minimum savings period to earn interest, the applicable balance that would earn interest, etc.
- A Mobile Money savings wallet account holder must not suffer diminution in the principal sum on his/her wallet because of fees or charges.
- Deposit Money Banks serving as settlement banks are prohibited from off-setting any other transactions of the MMO, including the transaction wallet pool accounts, against the savings wallet principal pool accounts and savings wallets interest pool account.



Philippines

Introduction

In Philippines, the Manual of Regulations for Non-Bank Financial Institutions (MORNBFIs) issued by Bangko Sentral ng Pilipinas (BSP) serves as the principal source of regulations governing quasi-banks, non-stock savings and loan associations, pawnshops, trust corporations, non-bank credit card issuers, and other NBFIs such as remittance and transfer companies (RTCs), money changers (MCs) and foreign exchange dealers (FXDs).

E-money issuers (EMIs) are defined in the MORNBFIs under the quasi-bank section that governs NBFIs performing quasi-banking functions. In February 2023, BSP released BSP Circular No. 1166 which expands the definition of e-money and imposes new liquidity and capitalisation requirements for EMIs in Philippines.

BSP also regulates payment systems, operators of payment systems (OPS) and service providers under Republic Act No. 11127 - National Payment Systems Act (NPSA). Under the NPSA and BSP Circular No. 1049 released in 2019 on the rules and regulations on OPS registration, merchant acquirers, payment processors, payment facilitators, payment aggregators, payment gateways, and so on fall within the definition of OPS whereas a service provider is defined to supply process arrangements, technology and/or infrastructure to OPS.

In this guide, we focus on RTCs, MCs, FXDs, EMIs as well as OPS.

Regulated Scope

Regulated Services/ Activities	Brief Description	Licensing Exemptions (non-exhaustive)
MORNBFI and BSP Circular No. 1166 amendment on e-money and operations of EMIs		
Money Service Business (MSB)	<p>Remittance</p> <p>Provide money or value transfer service that involves the acceptance of cash, cheques, other monetary instruments, and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network. This includes both domestic and cross-border money transfers.</p> <p>BSP classifies the following types of remittance and transfer companies (RTCs):</p> <ul style="list-style-type: none"> • Remittance agent (RA) who operates a remittance business network which includes any or a combination of the following: <ol style="list-style-type: none"> 1. Remittance direct agent (RDA) who is covered by a contracted remittance agreement or similar agreement to act on behalf of a 3rd party engaged in remittance business. 2. Remittance agent network provider (RANP) that provides a network to perform remittance business. 3. Other similar entities determined by BSP. • Remittance platform provider (RPP) that provides a shared common platform/IT infrastructure and maintains settlement accounts to provide funds for remittance transactions within its network. • An EMI that is authorised by BSP to provide money transfer or remittance services using electronic stored money value system and similar digital financial services. <p>RTCs can authorise Remittance Service Agent (RSA) to perform certain relevant undertakings in remittance business and do any part of the remittance business on their behalf. RTCs need to notify BSP the arrangement and fulfil BSP supervisory expectations in accrediting its RSAs.</p> <p>Nonetheless, RTCs remain the primary entity registered with the BSP and is responsible for the RSAs' compliance with all applicable anti-money laundering laws as well as rules and regulations.</p>	No applicable exemptions.
	<p>Money- Changing/ FX Dealing</p> <p>Engages in money changing/FX dealing business that buys or sells currencies in exchange for another currency.</p> <p>This includes authorised agent bank's subsidiary/affiliate FX companies, etc.</p>	No applicable exemptions.

Regulated Services/ Activities		Brief Description	Licensing Exemptions (non-exhaustive)
Quasi-Banking Functions	Electronic Services and Operation – Issuance and Operation of E-money	<p>E-money is defined as electronically stored monetary value that is:</p> <ul style="list-style-type: none"> • Maintained in a non-interest-bearing non-deposit transaction account. • Denominated in or pegged to PHP or other foreign currencies. • Pre-funded by customers to enable payment transactions. • Accepted as a means of payment by the issuers and by other persons or entities including merchants/sellers (open-loop e-wallet system). • Issued against receipt of funds of an amount equal to the monetary value issued. • Represented by a claim on its issuer; and • Withdrawable in cash or cash equivalent or transferrable to other accounts/instruments that are withdrawable in cash. <p>EMIs can be banks (EMI-banks) and non-bank FIs (EMI-NBFIs). EMIs are also mandated to participate in an Automated Clearing House pursuant to the guidelines under the National Retail Payment Systems (NRPS) Framework.</p>	E-money issued under closed-loop e-wallet systems, where the e-wallet is accepted as a means of payment only by the merchant-issuer ¹ .

NPSA and BSP Circular No.1049 on Rules and Regulations on the Registration of Operators of Payment Systems

Operating Payment Systems	<p>A person who provides the following functions² is deemed as an operator of payment systems (OPS):</p> <ul style="list-style-type: none"> • Maintains the platform that enables payments or fund transfers, regardless of whether the source and destination accounts are maintained with the same or different institutions. • Operates the system or network that enables payments or fund transfers to be made using a payment instrument. • Provides a system that processes payments on behalf of any person or the government; and • Such other activities like the above, as may be determined by the regulator. <p>Note: Merchant acquirers, payment processors, payment facilitators, payment aggregators, payment gateways, and so on fall under the definitions of OPS.</p>	No applicable exemptions.
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Note 1: Merchant-issuers including their subsidiaries and affiliates shall be considered as one entity for purposes of determining closed loop e-wallet systems.

Note 2: BSC Circular No. 1049 prescribes the following examples of activities performed by OPS:

Maintains the platform that enables payments or fund transfers, regardless of whether the source and destination accounts are maintained with the same or different institutions	<ul style="list-style-type: none"> • Owns or operates a computer application system that enables payments or fund transfers. • Sets rules by which payments may be made or funds may be transferred. • Allows customers to fund their accounts by submitting to the operator cash or its equivalent in exchange for the value to be stored in their account. • Allows accounts of system users to be linked to their accounts with other FIs e.g., deposit account, e-money account, credit card account.
Operates the system or network that enables payments or fund transfers to be made using a payment instrument	<ul style="list-style-type: none"> • Provides a system or network infrastructure that enables payments and financial services of FIs. • Sets rules, functions, procedures, arrangements, or devices that enable an account holder or holder of the payment instrument to transact with a third party. • Transfers payment information (e.g., card transaction details) to and from participating institutions. • Provides network participants with a listing of the amounts due to or from other participants. • Offers service/s to more than one (1) FI and enables them to perform payments or fund transfers among each other.

	<ul style="list-style-type: none"> Enables the acceptance of specific payment instrument/s by institutions such as government, commercial establishments, and other merchants/billers.
Provides a system that processes payments on behalf of any person or the government	<ul style="list-style-type: none"> Receives payment for or on behalf of the sellers of goods, providers of services, or creditors/billers in accordance with a written agreement. Sets rules, provides arrangements or facilities to collect funds from the public and transmits the same to sellers of goods, providers of services, or creditors/billers in accordance with a written agreement. Allows payments to be made to more than one commercial establishment or creditor/biller.

Licensing Scheme

For RTCs, MCs and FXDs:

Regulated Services/Activities		Register with BSP		Benchmark Capital	Large or Small-Scale Threshold
MSB	Remittance	RTCs as remittance agent with or without money-changing/FX dealing	Large scale	At least PHP50 million	PHP75 million of average monthly network volume of transaction is the threshold.
			Small scale	Less than PHP50 million	
		RTCs as remittance platform provider		At least PHP10 million	/
	Money-Changing/FX Dealing	Money changer/FX dealer	Large scale	At least PHP10 million	PHP50 million of average monthly network volume of transaction.
Small scale			Less than PHP10 million		
Quasi-Banking Functions – Issuance and Operation of E-money		EMIs – banks ¹ and NBFIs	Large scale	At least PHP200 million ²	PHP25 billion of 12-month average value of aggregated inflow and outflow transaction.
	Small scale		At least PHP100 million ²		

Note 1: Bank may offer e-money services subject to BSP approval under Electronic Payment and Financial Services (EPFS) license and compliance with prudential criteria set out in applicable laws and regulations.

Note 2: The higher of the above-mentioned benchmark capital or the required minimum capitalisation of banks for NBFIs depending on bank category or NBFI type.

For OPS:

Regulated Services/Activities	Register with BSP	Minimum Capital
Operating Payment Systems	Operator of a designated ¹ payment system (ODPS)	As prescribed by BSP
	Operator of payment systems – not designated	Assessed by BSP

Note 1: The designation is from payment system perspective and can be classified as (1) systemically important payment system (SIPS) which poses or has the potential to pose systematic risk that could threaten the stability of National Payment System or (2) prominently important payment system (PIPS) which may not trigger or transmit systematic risk but could have a major economic impact or undermine the confidence of the public in the National Payment System or in the circulation of money.

RTCs, MCs, FXDs, EMIs as well as OPS are BSP supervised financial institutions (BSFIs). If BSFIs intend to offer electronic Payment and Financial Services (EPFS), defined as product or services to enable customers to receive payments or initiate financial transactions and other related services through an electronic device such as a computer, mobile phone, ATM, and other devices, they are required to obtain an additional EPFS license from BSP.

Especially if such product or services allow customers to electronically access information on their transaction accounts (e.g., deposit account, e-money/e-wallet accounts, etc), move or receive funds from one account to another or avail of credit, investment, trust, or other banking products and/or services (e.g., online or mobile loan application, electronic placement of funds in certain investments, etc.).

For further details, please refer to BSP Circular 1033 released in 2019 on amendments to regulations on electronic banking and electronic operations.

Other Key Licensing Requirements

Local Incorporation/ Premises	Local incorporation is required. A Certificate of Incorporation needs to be obtained from the Securities and Exchange Commission in accordance with the Revised Corporation Code of Philippines.
Minimum Capital/ Financial Requirement	Refer to previous section.
Compliance	AML/CFT, electronic payment and financial services (EPFS) systems and controls, technology risk management, liquidity risk management, outsourcing, user/customer protection, disclosure requirements, corporate governance, reporting, business conduct, etc.
Data Storage/ Localisation	Personal Information can be transferred to another country for data processing (including data storage), but such arrangement must satisfy the requirements of the Data Privacy Act of 2012 (DPA) regarding cross-border transfer of personal information.

Safeguarding Customer Monies

Under BSP circular 1166, EMLs are required to have sufficient liquid assets to meet e-money redemptions at all times and to protect the interest of the e-money holders. In this respect, EMLs shall maintain liquid assets at least equal to the amount of outstanding E-money issued for each currency in which the e-money obligations are denominated.

Besides, EMLs need to ensure liquid assets maintained for safeguarding of outstanding e-money issued shall remain unencumbered and are not subject to attachment and that controls are put in place for prompt accounting and recording of liquidity requirements particularly for multi-currency wallets.

Moreover, it is worth noting that offering the service of an e-wallet is considered as issuing e-money, and therefore any entities that offer e-wallet services must maintain the liquidity requirements.

For EMLs with outstanding balance of at least PHP100 million:

Outstanding e-money balance	Held in which form/ liquid asset	Additional Information
At least 50%	Held in trust ¹ for the specific purpose of e-money balance liquidation	<ul style="list-style-type: none"> The amount held in the trust account shall not fall below the required minimum trust account balance at any given day. Decline in the required minimum trust account balance solely due to marked-to-market loss is not considered a breach of the minimum requirement provided that the EMI tops up the deficiency within 5 banking days after end of reference month.
Remaining percentage	Bank deposits	<ul style="list-style-type: none"> Specifically earmarked for liquidity requirements of the e-money balances. Maintained in accounts separate from other deposits of EMLs.
	Government securities ¹	Earmarked and set aside for the purpose.
	Balance in the settlement account with BSP	Used by a non-bank EMI specifically for the settlement of its net clearing obligations arising from electronic payments.
	Other liquid assets ¹	As allowed by BSP.

Note 1: Need to meet the definition of High-Quality Liquid Assets under the BASEL III Framework on Liquidity Standard – Liquidity Coverage Ratio.

For EMIs with outstanding balance below PHP100 million, they may hold liquid assets.

1. Following the same requirements above for EMIs with outstanding balance of at least PHP100 million.
2. Equivalent to the total amount of outstanding e-money balances as bank deposits, government securities, balance in the settlement account with BSP and other liquid asset allowed by BSP, following the same guidelines as stated in the table above.

FX Controls

Foreign currency restrictions:

In Philippines, purchasing foreign currency is regulated and needs to go through authorised agent banks (AABs) and/or banks' subsidiary/affiliate foreign exchange corporations (AAB-forex corporations) or non-bank BSP supervised entities that operate as foreign exchange dealers/money changers (FXDs/MCs) or remittance agents.

The sale of FX by AABs and AAB-forex corporations is governed by the Manual of Regulations on Foreign Exchange Transactions ("MORFXT"), issued under Circular No. 645 in February 2009, as amended. The sale of FX by FXDs/MCs and remittance agents is governed by Circular No. 471, issued in January 2005, as amended. In addition to being governed by the MORFXT, all FX transactions, including those of AABs/AAB subsidiaries, and AAB-forex corporations must comply with applicable laws, rules, and regulations, including the "Know Your Customer" policy.

While the sale of FX by BSP-supervised NBFIs, including qualified entities operating as FX dealers/money changers and remittance agents that are neither AABs nor AAB forex corps are permitted, they shall be governed by the pertinent provisions of the Manual of Regulations for Non-Bank Financial Institutions ("MORNBF") and other applicable BSP regulations, and shall not be covered by the MORFXT.

All purchase of foreign currency from AABs/AABs forex corps shall be supported by a duly accomplished application to purchase foreign currency (Annex A) and/or documents which may also be submitted via electronic means (as applicable). The documents required under the FX Manual are minimum requirements set by the BSP.

Foreign exchange receipts (e.g., export proceeds), acquisitions, or earnings of residents from non-trade sources (e.g., overseas investments) may be used freely for any purpose. Such proceeds may be sold for pesos, retained, or deposited in foreign currency accounts, whether in Philippines or abroad.

AABs and AAB-forex corporations may sell foreign currency to residents or non-resident tourists but subject to certain limitations.

Philippine Peso restrictions:

A person may freely bring into or take out of Philippines, or electronically transfer legal tender Philippines currency and other monetary instruments in pesos against banks operating in Philippines in an amount not exceeding PHP50,000 without prior written authorisation from BSP. Amounts exceeding said limit shall require prior written authorisation from the BSP. Amounts exceeding the limit are usually allowed only for the following purposes:

- Testing/calibration of money counting/sorting machines.
- Numismatics (collectors of currency).
- Educational purposes.

Common Questions

1. Do the licensing requirements apply to Business to Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in Philippines to provide cross-border payment services?

Generally, to the extent that the foreign PSP's activities take place offshore, it may not be considered as engaged in the money service business in Philippines, and hence will not be subject to registration and licensing requirements in Philippines.

It is presumed in this case that the foreign PSP will partner with a local licenced RTC to effect payments on behalf of its overseas clients to recipients in Philippines. The actual disbursements to recipients in Philippines will be conducted directly by the local licensed RTC.

For OPS activities, BSP Circular No. 1049 does not limit the registration requirement to Philippines companies or Philippines-based companies. Thus, a third-party service provider operating outside of Philippines and even without a domestic office, if providing services or performing activities as an OPS within the scope of BSP Circular No. 1049, and such services or activities are performed in Philippines or for customers in Philippines, then such third-party service provider should register with the BSP as an OPS.

3. Are there any key restrictions or thresholds that e-money issuers need to operate within?

Yes, key restrictions or thresholds are summarised below:

- E-money shall only be issued and redeemed at face value. E-money shall not be purchased at a discount wherein the e-money credited to the customer's account balance is higher than the amount of fiat money used to purchase it.
- BSFIs need to adopt a client categorisation process to implement pre-defined limits and thresholds based on institutional risk assessment and customer due diligence process. That said, BSFIs participating in payment system shall adopt limits and thresholds consistent with those applied by the payment system.
- In case a BSFI issues several e-money instruments to an e-money holder, the total transactions and/or amount loaded in all the e-money instruments shall be aggregated in determining the compliance with the EMI's established limit.
- For large value pay-outs of more than PHP500,000 or its equivalent in foreign currency, in any single transaction with customers or counterparties, enhanced due diligence shall be conducted and such pay-outs shall be done through banks using check payments or electronic fund transfer facilities.

4. Can licensees provide any lending or pay interest to their customers in Philippines?

No, it is not allowed. Under BSP circular 1166, e-money is not considered a deposit. As such, it shall not earn interest and other similar incentives convertible to cash that may be construed as earning of interest. BSFIs may offer promotional incentives that are not based on the outstanding balance of the e-wallet to encourage greater usage and attract new users. Additionally, BSFIs including EMI-NBFIs that engage in lending activities must secure a quasi-banking license from BSP.



Saudi Arabia

Introduction

Payment services in Saudi Arabia are regulated under the Law of Payments and Payment Services, Royal Decree, No. M/ 2 6 October 28, 2021, which came to effect in March 2022. In June 2023, the Saudi Arabia Central Bank (SAMA) issued the Implementing Regulations for the Law of Payments and Payment Services (the IRs), which supersedes the Payment Service Provider Regulations 2020 and establishes the regulatory framework as well as requirements for payment system operators and payment service providers (PSPs) in the Kingdom of Saudi Arabia (the Kingdom).

In the Kingdom, no person is permitted to operate payment systems or provide payment services by way of business unless the person obtains relevant licenses from SAMA to conduct such activities. The licensing requirements apply to payment system operators if they provide processing and settlement services to members in the Kingdom or its payment system operating rules specify controls and conditions for transferring funds related to payment transactions initiated by the payer or payee residing in the Kingdom. For payment services, the IRs regulate 12 payment services activities and define what constitutes as providing payment services in the Kingdom.

The money changing business, on the other hand, is regulated under the Rules Regulating Money Changing Business issued by the Decision of the Minister of Finance. A separate license issued by SAMA to be sought if the company intends to conduct money changing business that engage in the purchase, sale, and trading of foreign currencies inside the Kingdom and/or import and export of currencies for money changers that are companies or branches of a foreign money changer.

In this guide, we focus on PSPs.

Regulated Scope

The 12 payment service activities regulated under the IRs are summarised in the table below.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Services enabling funds to be deposited on a payment account as well as all operations required for operating a payment account	As described. Note: A payment account is an account held in the name of one or more payment service users which is used for the execution of payment transactions.	Subject to other related laws, below are some services prescribed under the IRs that do not constitute payment services ² : <ul style="list-style-type: none"> • Banks regulated under the Banking Control Law and the activities of finance companies regulated under the Finance Companies Control Law. • Money exchange business regulated under the rules regulating money changing business, where funds are not held on a payment account. • Currency exchange operations carried out independently and outside the scope of the payment services. • Money remittances³. • Payment related to securities asset servicing, including dividends, income or other distributions, or redemptions, or sales, or by investment institutions or asset management companies that provide investment services, and any other entities allowed to have the custody of financial instruments. • Services based on specific payment instruments that can only be used in a limited network. • Services provided by technical service providers e.g., technical services. • Payment consists of non-professional collection and delivery of cash within the framework of a non-profit or charitable activity.
Services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account		
Execution of Payment Transactions¹, including credit transfers on a payment account with the user's PSP or with another PSP	This includes the execution of: <ul style="list-style-type: none"> • Direct debit, including one-off direct debits. • Payment transactions through a payment card or a similar digital device. • Credit transfers, including standing orders. 	
Execution of Payment Transactions¹ where the funds are covered by a credit line for a payment service user	This includes the execution of: <ul style="list-style-type: none"> • Direct debit, including one-off direct debits. • Payment transactions through a payment card or a similar device. • Credit transfers, including standing orders. 	
Issuing of Payment Instruments	Provide any tools or procedures to the payment service user, which is used to initiate a payment service order through the online channels or otherwise.	
Payee Transactions Acquiring	Contract with a payee to accept and process payment transactions, which results in a credit transfer to the payee.	
Payment Aggregation Services	Facilitate payment on a pooled basis without the need for the payment service user to establish a relationship with a PSP that provides payee transaction acquiring service.	
Payment Initiation Services	Provide a service (as an online tool or otherwise) to initiate a payment service order at the request of a payment service user in connection with his payment account with the payment account service provider based on consent provided by that payment service user.	
Payment Account Information Services	Provide consolidated information about one or more payment accounts (in the original format or subject to processing), held by the payment service user with one or more payment account service providers, with enabling a payment	

	service user to modify and present the account information in alternative ways, which is shared through the electronic channels or otherwise with the payment service user or any other person's instructions and authorisation.	<ul style="list-style-type: none"> • Payment transactions by a provider of electronic communications networks in addition to electronic communications services for a subscriber to network or services for the purchase of digital content, voice-based services and for services performed through electronic means and included in the relevant receipt as part of a charitable activity or ticket purchase.
Payment Account Services	Provide and maintain a payment account for a payment service user, including licensed banks that provide and maintain such accounts.	
Issuing Electronic Money (by opening e-wallets or otherwise)	Electronic money (e-money) means electronically (including magnetically) monetary value represented by a claim on the issuer which is issued at par value on receipt of funds for the purpose of making payment transactions and accepted by a person other than the issuer as means of payment (excluding virtual assets).	Limited network services whereby payment transactions are made using a closed or restricted loop account ⁴ . That said, limited network service provider must (a) register with SAMA as a Limited Network Service Provider and (b) notify SAMA immediately if the aggregate value of payment transactions exceeds or is likely to exceed SAR5 million in any period of 12 consecutive calendar months or the value of SAR2 million in any month in that 12-month period. SAMA has the authority to impose on the licensing requirements.
Any other service that SAMA may decide to consider as a payment service	As described.	No applicable exemptions.

Note 1: Refers to the depositing, transferring or withdrawing of funds initiated by the payer or on his behalf or by the payee.

Note 2: Refers to the IRs for the full list of activities that do not constitute payment services.

Note 3: Funds are received from a payer without any payment account being created in the name of the payer or the payee, for the purpose of transferring a corresponding amount to a payee or to a PSP or a person licensed under the rules regulating money changing business acting on behalf of the payee; or such funds are received on behalf of and made available to the payee.

Note 4: Summarised below the comparison between a closed loop account and a restricted loop account.

	Closed Loop Account	Restricted Loop Account
Issued by a one-off issuer?	Yes	/
Can be redeemed in cash or to any other account?	No	No
Can be used to acquire which types of goods and services?	Only for goods and services within a limited network of service providers that have direct commercial agreements with the issuer; and are in the same corporate group or are otherwise affiliated by the same commercial name or trademark.	Only for goods and services that are within a clearly defined area; or within a limited network of service providers which have direct commercial agreements with the issuer.

Licensing Scheme

SAMA licenses the PSP to practice one or more of the following relevant payment services when conducted as a business or as usual. The difference between a PI (payment institutions) license and an EMI (e-money institutions) license is that PIs licensees are not allowed to issue e-money.

Regulated Services/Activities	Payment Institutions (PIs)		E-Money Institutions (EMIs)	
	Micro PIs	Major PIs	Micro EMIs	Major EMIs
Services enabling funds to be deposited on a payment account as well as all operations required for operating a payment account	<ul style="list-style-type: none"> Does not exceed the average monthly payment transaction value of SAR10 million. Does not provide services cross border to persons outside the Kingdom. 	<ul style="list-style-type: none"> Does not exceed the average monthly payment transaction value of SAR10 million. 	<ul style="list-style-type: none"> Does not exceed the average monthly payment transaction value of SAR10 million. Does not exceed total average outstanding e-money of SAR10 million¹. <p>For any payment service user:</p> <ul style="list-style-type: none"> Does not hold e-money of more than SAR20,000 in aggregate across all accounts held by the payment service user. Does not execute payment transaction of more than SAR20,000 per calendar month in aggregate². 	<ul style="list-style-type: none"> Considered to be a Major EMI if exceed any of the limits stipulated in the Micro EMI. <p>For any payment service user:</p> <ul style="list-style-type: none"> Does not hold e-money of more than SAR100,000 in aggregate across all accounts held by the payment service user. Does not execute payment transaction of more than SAR100,000 per calendar month in aggregate.
Services enabling cash withdrawals from a payment account as well as all operations required for operating a payment account				
Execution of Payment Transactions, including credit transfers on a payment account with the user's PSP or with another PSP				
Execution of Payment Transactions where the funds are covered by a credit line for a payment service user				
Issuing of Payment Instruments				
Payee Transactions Acquiring				
Payment Aggregation Services				
Payment Initiation Services				
Payment Account Information Services				
Payment Account Services				
Issuing Electronic Money (by opening e-wallets or otherwise)	Not allowed	Not allowed		

Note 1: The average of total amount of financial liabilities related to e-money issued by the EMI at the end of each calendar day over the last twelve calendar months.

Note 2: Includes cash-out transactions but excludes those made in the event of the closure of an e-money account.

It is worth noting the following:

- A non-objection letter from SAMA is required if a PSP intends to appoint any agent to provide any payment service.
- An EMI that wishes to appoint an e-money distributor must submit a business plan to SAMA and notify SAMA that it enters a contractual arrangement to appoint the e-money distributor within specified timeframe. SAMA may object to the appointment.
- An agent/e-money distributor may distribute or redeem e-money on behalf of an EMI into an e-money account but may not issue e-money on behalf of an EMI.
- An agent/e-money distributor must only carry out activities for which it is duly licensed (where a license is required). The PSP remains responsible for all acts and omissions for the agent/e-money distributor.
- A non-objection from SAMA is required before a PSP engages or participates in establishing any entity, or any additional commercial or investment activities, or commencing the practice of any of these activities.

Other Key Licensing Requirements

Local Incorporation/ Premises	Yes, required. <ul style="list-style-type: none"> • Micro PI: a joint stock company, a simplified joint stock company or a limited liability company • Major PI, Major EMI, or Micro EMI: a joint stock company 			
Minimum Capital/ Financial Requirement	Micro PI	SAR1 million	Maintain on an ongoing basis	
	Major PI	SAR3 million	Maintain on an ongoing basis the higher of: <ul style="list-style-type: none"> • Minimum capital; and • 1% of the average monthly payment transaction value. 	
	PI	Payment Initiation Services Licence independently or with a Payment Account Information Services Licence	SAR1 million	Maintain on an ongoing basis
		Payment Account Information Services Licence	SAR500,000	Maintain on an ongoing basis
	Micro EMI	SAR2 million	Maintain on an ongoing basis	
	Major EMI	SAR10 million	Maintain on an ongoing basis the higher of: <ul style="list-style-type: none"> • Minimum capital; and • 2% of total average outstanding electronic money. 	
Compliance	AML/CFT, risk management, corporate governance, customer protection, record retention, business continuity management, cyber security requirements, confidentiality and data protection, outsourcing, fit and proper requirements, notifications to the regulator, etc.			
Data Storage/ Localisation	<p>PSPs are subject to the SAMA Cybersecurity Framework, pursuant to which the general rule is that all data including personal data shall remain onshore. Transferring data including personal data offshore is not permissible and doing so requires express permission from SAMA.</p> <p>The Saudi Data and Artificial Intelligence Authority (SDAIA) has released the Personal Data Protection Law (PDPL) with full enforcement of the law in September 2024. The PDPL applies to the processing of personal data taking place in the Kingdom including processing undertaken by foreign businesses in relation to individuals residing in the Kingdom. The new PDPL rules also set out the circumstances in which businesses can export personal data outside of Saudi Arabia such as transfer based on adequate level of protection for personal data, transfer based on appropriate safeguards for transferring personal data outside the Kingdom, risk assessment of transferring or disclosing personal data outside the Kingdom, etc.</p>			

Safeguarding Customer Monies

Under the Implementing Regulations of the Law of Payments and Payment Services, a PSP must safeguard safeguarded funds.

- For payment institutions, this means funds received from, or for the benefit of, a payment service user for executing payment transactions, or funds received from another PSP for executing payment transactions on behalf of a payment service user.
- For EMLs (and e-money distributors), this means funds received in exchange for e-money that has been or is to be issued and does not include deposits held at banks.

Key requirements for safeguarding customer monies are summarised below:

Key Requirements	
Dedicated safeguarding account	<ul style="list-style-type: none"> • Place Safeguarded Funds in a separate account with a Licensed Bank, or any other method determined or deemed acceptable by SAMA. • The safeguarding account must be a separate account named “Deposit and Safeguard of Funds of a Payment Service Provider’s Clients” and include the name of the PSP. • Obtain a no-objection letter from SAMA before opening or closing a safeguarding account or replacing or merging it with another account. • No person other than the PSP may have any interest or right over the Safeguarded Funds and to dispose the safeguarding account.
Use of safeguarding account/safeguarded funds	<ul style="list-style-type: none"> • The account is used only for holding safeguarded funds and does not hold any funds received by way of the payment of fees or for use in the payment of operational expenses or the carrying on of any other payment service. • The account shall be subject to a daily reconciliation mechanism with the relevant payment transactions and outstanding electronic money in accordance with the policies, procedures, and controls of the PSP. • The funds in the safeguarding account cannot be used for any other purpose and not be linked to any financial obligation of the PSP or any other person.
Investment of safeguarded funds	<ul style="list-style-type: none"> • Must obtain SAMA approval before investing the safeguarded funds. • The investment must be in such secure, liquid assets, and place those assets in a separate account with an authorised custodian.
Safeguarding arrangement/methods	<ul style="list-style-type: none"> • Ensure safeguarded funds are protected for the duration of the retention of these safeguarded funds in accordance with the provisions of the IRs, whether when received directly or through an agents or e-money distributor. • Must obtain SAMA’s no-objection before the implementation of such policies and procedures relevant safeguarded funds. • Must obtain SAMA’s approval before adopting additional safeguarding methods.
Insolvency	<ul style="list-style-type: none"> • Notwithstanding other applicable laws, the PSP must return safeguarded funds to the relevant payment service users in the event of bankruptcy, winding up or other liquidation of the PSP.

FX Controls

Generally, there are no currency exchange restrictions in Saudi Arabia. Though officially the Saudi Riyal currency (SAR) is linked to the IMF’s Special Drawing Rights, Saudi Arabia in practice pegs its currency, the Saudi riyal (SAR), to the U.S. dollar.

Common Questions

1. Do the licensing requirements apply to Business-to-Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in Saudi Arabia to provide cross-border payment services?

Yes, generally, foreign PSPs that provide cross-border payment services to their clients in the Kingdom without an onshore presence would trigger regulatory or licensing requirements.

However, whether a person is providing a payment service in the Kingdom is fact-specific and assessed case by case. For example, a foreign PSP will be deemed to provide a payment service in the Kingdom if it presents itself, by any means and form, as a PSP in the Kingdom or if it markets or promotes any payment service to one or more persons in the Kingdom.

Unlikely, for foreign PSPs who are simply effecting payments on behalf of their overseas clients to recipients in the Kingdom, though this may be subject to regulatory evaluation.

3. Are there any key restrictions or thresholds that e-money institutions need to operate within?

Yes, key restrictions or thresholds are summarised below. An EMI may apply to SAMA to increase one or more of the limits imposed by SAMA.

Restriction type	Micro EMIs	Major EMIs
E-money balance in aggregate across all accounts held by a payment service user	Not more than SAR20,000	Not more than SAR100,000
Payment transaction execution for a payment service user per calendar month in aggregate¹	Not more than SAR20,000	Not more than SAR100,000

Note 1: Includes cash-out transactions but excludes those made in the event of the closure of an e-money account.

4. Can licensees provide any lending or pay interest to their customers in Saudi Arabia?

No, it is not allowed. Furthermore, an EMI is not allowed to pay interest or provide any other benefit related to the length of time the e-money is held by the EMI and neither to offer an overdraft facility to a payment service user. It is also not permitted to use any safeguarded funds for any purposes inconsistent with the provisions of the IRs, including lending. That said, an EMI may partner with a licensed bank or other appropriately licensed entity approved by SAMA, for such licensed bank or approved entity to offer overdraft facility, provided the EMI has obtained the prior approval of SAMA.



South Africa

Introduction

In South Africa, the National Payment System Department (NPSD) of the central bank (South African Reserve Bank) regulates the payment system industry under the National Payment System Act, 1998 (NPS Act). The NPS Act empowers the SARB to constitute the Payment Association of South Africa (PASA) to oversee the participation of banks and non-bank players in the payment system industry. Banks registered under the Banks Act, 1990 (Banks Act) are the main players in the national payment system.

Under the NPS Act, non-bank players are excluded from directly accessing the settlement system, therefore requiring a bank sponsor to settle transactions. Additionally, non-bank players accepting and/or holding money on behalf of another person for payments that are not due will trigger the requirement to be registered as a bank unless they partner with banks to provide such services.

Regulated Scope

The NPS Act broadly defines two types of non-bank players providing payment services: third party payment providers (TPPPs) and system operators (SOs). They are governed by the following two directives issued by the SARB:

- Directive No. 1 of 2007 (Directive for Conduct within the National Payment System in Respect of Payments to Third Persons)
- Directive No. 2 of 2007 (Directive for Conduct within the National Payment System in Respect of System Operators)

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Directive No.1 and No.2 of 2007 under the NPS Act		
TPPP¹ – Payer Service Provider	Receives money or the proceeds of payment instructions from a payer to make payments that are due to multiple beneficiaries on behalf of the payer, e.g., pay salaries on behalf of employers to their employees.	No applicable exemptions. Note: TPPPs to initiate discussion with PASA if uncertain as to whether the current or future business practices are aligned with Directive No. 1.
TPPP¹ – Beneficiary Service Provider	Receives money or the proceeds of payment instructions from multiple payers on behalf of a single beneficiary to whom the payments are due, e.g., accept money on behalf of a utility provider for payment of utility bills.	
System Operator (SO)²	Provides services to two or more persons in respect of payment instructions, including the delivery to and/or receipt of payment instructions from a bank and/or PCH (payment clearing house) system operator. A SO can provide services for electronic fund transfers, debit and credit cards, etc to banks, TPPPs, institutions exempted or excluded from the provisions of the Banks Act and the clients of banks. For card related services, certification and registration by a Card Association is required.	If the service provider (incl. provider of merchant acquisition service) processes less than 10,000 payment instructions/ transactions per month and/or less than ZAR10 million per month in value, or if the service provider processes payment instructions on its own behalf.
Remittance Services	<ul style="list-style-type: none"> • Where the remittance services provided are for payments that are due, the provider must be registered with a clearing participant member of PASA as a TPPP. • Where the remittance services provided are for payments not due (e.g., person-to-person transfer for purpose of gifts), the provider may need to be registered as SO and must partner with a registered bank that will accept and/or hold the money. 	No applicable exemptions.

Note 1: TPPPs are typically enabled by SOs and may hold funds for payment due in its own bank account for a limited period.

Note 2: SOs assist settlement and clearing participants and/or payment providers with the sending and receiving of transactions, through technical infrastructure. SOs are different from payment clearing house system operators (PSOs). At present, there are 4 authorised PSOs: Strate Limited, BankservAfrica, Mastercard and Visa.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Position Paper on Electronic Money 2009³		
E-money Issuance	<p>Definition of e-money:</p> <ul style="list-style-type: none"> • Monetary value represented by a claim on the issuer. • This money is stored electronically and issued on receipt of funds, is accepted as a means of payment by persons other than the issuer and is redeemable for cash or a deposit into a bank account from the issuer on demand. <p>Only South African registered banks are allowed to issue e-money. Non-bank players are required to partner with banks for such offerings.</p>	<p>No applicable exemptions.</p> <p>Note: A provider of stored value facility (SVF) may not trigger licensing/registration requirements if the SVF does not meet the definition of e-money i.e., the SVF is not redeemable for cash, as receiving and refunding cash may be seen as deposit-taking activity that requires registration as a bank.</p>

Note 3: Though there are no regulations yet applicable to the issuance of e-money, the NPSD of the SARB has released the "Position Paper on Electronic Money 2009", in which the NPSD expressed its position that only banks may issue e-money and imposed certain conditions on banks' issuance of e-money.

Licensing Scheme

Regulated Services/Activities	Licensing/Registration	Additional Information
Third party payment provider (TPPP)	Be registered with PASA by a bank clearing participant, which is a member of the PASA.	<p>Clearing participants comprise of the following:</p> <ul style="list-style-type: none"> • The South African registered banks that have settlement accounts with the SARB. • The non-bank participants that are payment clearing house system operators e.g., Strate Limited, BankservAfrica, Mastercard and Visa. <p>Note: The bank clearing participant registering a TPPP will have its own requirements and exercises discretion in deciding whether to register a TPPP.</p>
Systems Operator (SO)	Be approved by PASA as a system operator.	Various criteria need to be met, ranging from financial criteria, operational and technical criteria, legal and contractual requirements, and risk requirements.
E-money Issuance	Be licensed as a bank or partner with banks.	<p>While licensing/registration requirements will not be triggered for SVFs not meeting the definition of e-money, the providers of such SVFs are still subject to numerous requirements under the Consumer Protection Act, 2008.</p> <p>Some of the requirements include: the SVF cannot expire sooner than the earliest of the stored value being redeemed in full (for goods and services, not for cash) or three years.</p>

Other Key Licensing Requirements

Local Incorporation/ Premises	TPPP: not required. SO: not required, must be a registered company, but can be a foreign company.
Minimum Capital/ Financial Requirement	Not specified; to satisfy the requirements under the Companies Act, 2008 or the Close Corporation Act, 1984 if the intention is to be registered as a company/close corporation in South Africa.

Compliance	Operational and technical criteria, risk requirements, customer protection, reporting material changes to SARB, requirements from card/electronic payment streams, etc.
Data Storage/ Localisation	Not required to be retained onshore, though cross-border transfer of personal data is subject to the Protection of Personal Information Act, 2013.

Safeguarding Customer Monies

Currently there is no specific provision that requires safeguarding of customer monies for TPPPs. However, given that the TPPPs provide payment services and such services qualify as financial services under the Financial Sector Regulation Act, 2017 (FSRA), TPPPs are deemed as a financial institution providing financial services and subject to the Financial Institutions (Protection of Funds) Act, 2001. Under this Act, Financial institutions, including TPPPs, must observe the utmost good faith and exercise proper care and diligence regarding the funds they hold on behalf of others and may not make use of the funds for their own purposes.

For e-money issuers (currently South African registered banks only), e-money deposits must be held in separately identifiable accounts and comply with all applicable provisions of the Banks Act and the regulations thereunder. E-money must be redeemable for par in central bank currency (ZAR) on demand.

The e-money issuer also needs to comply with the Financial Intelligence Centre Act, 2001, the international security standards for e-money technology, and engage with the SARB prior to rolling out any e-money products.

FX Controls

The SARB implements the Exchange Control Regulations through Authorised Dealers comprising South African banks and South African branches of offshore banks.

The Exchange Control Regulations provide certain allowances for transferring limited funds abroad (for example, ZAR1 million per year per individual allowance), within which specific approval from the SARB is not required. Authorised Dealers must follow the Currency and Exchanges Manual for Authorised Dealers, in terms of which they can effect such pre-approved transactions (i.e., within a person's individual allowance) or request SARB approval for specific transactions.

Authorised Dealers with Limited Authority (ADLAs), which may be non-banks, must follow the Currency and Exchanges Manual for ADLAs, in terms of which they can effect certain currency exchange transactions and low value cross-border money remittances that are not commercial in nature and are within allowances.

South African residents must have approval (whether through an allowance or specific approval) before making any payment to persons outside of South Africa, and only Authorised Dealers and ADLAs can effect such payments.

Common Questions

1. Do the licensing requirements apply to Business to Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in South Africa to provide cross-border payment services?

Yes. Generally, foreign PSPs that provide payment services as a regular feature of business to their clients in South Africa need to be licensed. However, there are no rules of thumb as to what regular feature of business constitutes. For example, the services offered by a foreign PSP which are not advertised or targeted to residents in South Africa may not be subject to South African legislation simply because some residents in South Africa may find such services online.

No, for foreign PSPs who are simply effecting payments on behalf of their overseas clients to recipients in South Africa.

3. Are there any key restrictions or thresholds that e-money issuers need to operate within?

Only South African registered banks are allowed to issue e-money. For SVF providers that operate SVF not meeting the definition of e-money in South Africa, they will still be subject to the requirements specified in the Consumer Protection Act, 2008. For instance:

- The SVF cannot expire sooner than the earliest of the stored value being redeemed in full (for goods and services, but not for cash) or three years.
- Suppliers cannot market to consumers in a discriminatory manner.

4. Can licensees provide any lending or pay interest to their customers in South Africa?

No, it is not allowed. Providing lending services or paying interest to customers will trigger separate licensing/registration requirements i.e., to be registered as a credit provider or a bank.



United Arab Emirates

Introduction

In the United Arab Emirates (UAE), there are three distinct financial services regulatory regimes, the applicability of which may depend on where in the UAE the company is established to provide the financial services. Regardless of which regime applies, conducting regulated financial activities, including providing payment and stored value facilities services, without first obtaining a relevant license or holding a valid exemption is prohibited.

For companies located in the ‘mainland’ UAE, which includes the seven emirates of the UAE but excludes the UAE’s financial free zones (Mainland UAE), the Central Bank of the UAE (CB) has three prevailing regulations governing payment service related activities: (a) the Retail Payment Services and Card Schemes Regulation (RPSCS Regulation) regulates retail payment services and card schemes operating within the UAE; merchant acquisition, domestic and cross-border money transfer services also fall within this scope; (b) the Stored Value Facilities Regulation (SVF Regulation) regulates stored value facilities, including e-wallet and e-money issuance; and (c) the Regulations for Licensing and Monitoring of Exchange Business (Exchange Regulations) regulates cross-border remittance services.

For companies located in the Abu Dhabi Global Market (ADGM) financial free zone and the Dubai International Financial Centre (DIFC) financial free zone, they will be respectively subject to the Financial Services and Markets Regulation 2015 (FSMR) issued by the ADGM Financial Services Regulator Authority (FSRA) and the DFSA Rulebook General Module (GEN), issued by Dubai Financial Services Authority (DFSA).

All three jurisdictions practice activity-based payment regulations and provide clear licensing requirements and guidance on exemptions.

Regulated Scope

Mainland UAE excluding financial free zones

Regulated Services/ Activities		Brief Description	Licensing Exemptions (non-exhaustive)
Retail Payment Services and Card Schemes Regulation – RPS Focus			
Retail Payment Services (RPS)	Payment Account¹ Issuance	<p>A RPS other than Domestic and Cross-border Fund Transfer Services that enables the following activities:</p> <ul style="list-style-type: none"> • Opening a payment account. • Cash to be placed on a payment account. • Cash to be withdrawn from a payment account. • All necessary operations for operating a payment account. <p>The payment account is only used for holding funds/cash in transit and is not allowed to store or maintain funds/cash.</p>	<p>The following are expressly excluded from the scope of the RPSCS Regulation (however, this does not mean such activities are not otherwise subject to regulation under the UAE regulatory regime):</p> <ul style="list-style-type: none"> • Payment transactions involving SVF, remittances commodity/security tokens, virtual asset tokens. • Currency exchange operations where the funds are not held on a payment account. • Any service other than payment initiation and payment account information service, including (but not limited to) any of the following: <ol style="list-style-type: none"> 1. Services provided by any technical service provider that support the provision of payment services but without the technical service provider possessing any money under that payment service at any time. 2. The service of providing and maintaining any terminal or device used for any payment service. 3. Data processing or storing service, data, or entity authentication services. 4. Any IT services, IT security, trust, or privacy protection services. 5. The service of providing a communication network. • Payment transactions carried out within a payment system or securities settlement system between PSPs and settlement agents, central
	Payment Instrument² Issuance	Provide payment instruments to a RPS user which enables it to initiate payment orders and process payment transactions.	
	Merchant Acquiring	Contract with a payee (merchant) to accept and process payment transactions, resulting in a transfer of funds to the payee.	
	Payment Aggregation	<p>Facilitate e-commerce platforms and merchants to accept payments from RPS users without the need for merchants to create their own payment integration system.</p> <p>Payment aggregation allows merchants to connect with merchant acquirers; in the process they receive payments from RPS users, pool and settle to merchants after the relevant period.</p>	
	Domestic Fund Transfer³	Accept money for the purposes of executing or arranging for the execution of payment transactions between a payer and a payee who are both based in the UAE.	
	Cross-Border Fund Transfer	Transfer of funds where the payment service providers (PSPs) of the payer and the payee are based in different jurisdictions/countries	
	Payment Token⁴	<p>Consists of any of the following activities:</p> <ul style="list-style-type: none"> • Payment token issuing. • Payment token buying. • Payment token selling. • Facilitating the exchange of payment tokens. • Enabling payments to merchants and/or enabling peer-to-peer payments. • Custodian services. 	

		A PSP may provide only one of the two services referred to in 5 & 6; if it wishes to provide both and allows RPS users to redeem the payment tokens with any fiat currency under a contractual arrangement, it must comply with the respective SVF requirements.	counterparties, clearing houses, central banks or other participants in such system including central securities depositories. <ul style="list-style-type: none"> • Payment transactions and related services between a parent undertaking and its subsidiary or between subsidiaries of the same parent undertaking, without any intermediary intervention by a PSP other than an undertaking belonging to the same group.
	Payment Initiation	Initiate a payment order requested by the RPS user with respect to a payment account held at another PSP. This does not involve the holding and maintaining of payer's funds at any time.	
	Payment Account Information	Provide consolidated information on one or more payment accounts held by a RPS user with either another PSP or with more than one PSPs. This does not involve the holding of RPS users' funds at any time.	
Access to Wages Protection System (WPS)		To participate in and be given access to the WPS requires an approval from CB. In addition, for wages to be credited to an account that can store and maintain the funds, PSP may engage with an SVF scheme or a bank for the provision of such account.	No applicable exemptions.

Note 1: An account held in the name of one or more RPS users.

Note 2: A personalised device(s), a payment card and/or set of procedures agreed between the RPS user and the PSP and used to initiate a payment order.

Note 3: Domestic and Cross-Border Fund Transfer does not include remittances, which refers to the receipt of funds without any payment account created in the name of the payer or payee (refer to Exchange Business above).

Note 4: A type of crypto asset backed by one or more fiat currencies, can be digitally traded and functions as (i) a medium of exchange; and/or (ii) a unit of account; and/or (iii) a store of value, but does not have legal tender status in any jurisdiction. A payment token is neither issued nor guaranteed by any jurisdiction and fulfils the above functions only by agreement within the community of users of the payment token. For the avoidance of doubt, a payment token does not represent any equity or debt claim.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Stored Value Facilities Regulation		
Stored Value Facilities (SVF) Service	<p>Issue a facility (other than cash) into which a customer, or another person on the customer's behalf, pay a sum of money (including money's worth, such as values, reward points, crypto or virtual assets, etc.) in exchange for the storage of value of that money (or money's worth).</p> <p>SVF includes:</p> <ul style="list-style-type: none"> • Device-based SVF which stores value in an electronic chip on a card or physical device e.g., pre-paid card, watches, or ornaments. • Non-device-based SVF which stores value on a network-based account and can be accessed through the internet, a computer network or mobile network. <p>Note:</p> <ul style="list-style-type: none"> • Overseas SVF issuers are prohibited from publishing in the UAE or elsewhere, an advertisement, invitation or document which is or contains an invitation or solicitation to the UAE public relating (whether in whole or in part) to the issuance of SVF without obtaining a prior license from the CB. • The CB will take a holistic approach and consider a host of factors to determine whether an overseas SVF scheme is presented, provided, promoted, or marketed in such manner that it appears to be issued in the UAE. 	<p>Single-purpose SVF issued for users to pay for goods or services provided by the issuer.</p> <p>On application by the issuer, the CB may exempt an SVF from the licensing requirements applicable under the SVF Regulation. The types of SVF that may be exempted include:</p> <ul style="list-style-type: none"> • SVF used for certain cash reward schemes e.g., loyalty schemes provided by shops and supermarkets that offer cash rewards. • SVF used for certain bonus point schemes not redeemable for cash e.g., airline mileage programs, non-cash loyalty schemes. • SVF used only within a limited group of goods or services providers. • SVF used to purchase certain digital products/contents e.g., music, games, videos, e-books, and applications used on smartphones, computers, etc. • The aggregated amount of the float⁵ does not exceed AED500,000 or its equivalent and the aggregate number of customers is not more than 100⁶.
Regulations for Licensing and Monitoring of Exchange Business and Amendment 2021		
Exchange Business	<p>Engage in the following activities:</p> <ul style="list-style-type: none"> • Purchase, sale, and exchange of foreign currencies in the form of bank notes, coins and travellers' cheques. • Remittance business within and outside UAE in local and foreign currencies. • Payment of wages through connecting to the WPS. • Other businesses licensed by the CB. 	<p>A commercial bank that is defined according to Union Law No. 10 of 1980.</p>

Note 5: The customers' funds/money/money's worth paid to the licensee in exchange for the value of the money/money's worth (including money's worth such as values, points, crypto-assets, or virtual assets on the facility).

Note 6: To qualify for this exemption, the potential SVF issuer is required to participate in the CB's Fintech Office sandbox for a possible trial run.

ADGM Financial Free Zone

Regulated Services/ Activities		Brief Description	Licensing Exemptions (non-exhaustive)
ADGM Financial Services and Markets Regulation 2015 (as amended)			
Providing Money Services	Payment Services	<p>Means the following services:</p> <ul style="list-style-type: none"> • Enable cash to be placed in or withdrawn from a payment account and all the operations required for operating a payment account. • Execute payment transactions, including transfers of money to or from a payment account by the user's PSP or by another PSP, through direct debits (including one-off direct debits), a payment instrument, and credit transfers between bank accounts (including standing orders). • Issue payment instruments. • Sell or issue stored value¹. • Receive money or monetary value for transmission by means of a payment instrument to a location within or outside the ADGM. 	<ul style="list-style-type: none"> • Where providing money services is in connection with and a necessary part of other regulated activity that the entity is licensed to provide. • Other exclusions may apply in relation to Payment Services pursuant to paragraph 53A of Schedule 1 of FSMR. However, the availability of any exclusion would need to be considered on a case-by-case basis.
	Money Remittance	Receive money or monetary value for remittance, including electronic remittance, to a location within or outside the ADGM, without the use of a payment account, payment instrument or stored value.	
	Currency Exchange	Provide currency exchange services.	

Note 1: Means electronically, including magnetically, stored monetary value as represented by a claim on a stored value provider which is issued by that stored value provider on receipt of money for the purpose of making payment transactions and which is accepted by a person other than the stored value provider.

DIFC Financial Free Zone

Regulated Services/ Activities		Brief Description	Licensing Exemptions (non-exhaustive)
DIFC DFSA Rulebook General Module¹			
Providing Money Services	Payment Services	<p>Means the following services:</p> <ul style="list-style-type: none"> • Provide or operate a payment account that is used to execute payment transactions; funds usually remain in such account only for a short period. • Execute payment transactions on a payment account provided or operated by another person such as direct debits, standing orders. • Issue payment instruments. • Provide money transmission without a payment account being created in the name of the payer or the payee. 	<ul style="list-style-type: none"> • Where providing money services is in connection with and a necessary part of other financial service that the entity is licensed to provide e.g., providing credit, dealing in investment as principal or agent, operating an Exchange or Clearing House, managing assets, or providing custody. • A person does not provide payment services if the person carries out a payment transaction for their own account.
	Stored Value Issuance	<p>Means any electronically or magnetically stored monetary value issued on receipt of user funds or other assets for users to make payment transactions and is accepted by a person other than the issuer.</p> <p>Other assets includes, for example, the receipt of digital currencies or any other forms of assets that may be accepted by the issuer of the stored value.</p>	<ul style="list-style-type: none"> • Where providing money services is in connection with and a necessary part of other financial service that the entity is licensed to provide e.g., providing credit, dealing in investment as principal or agent, operating an Exchange or Clearing House, managing assets, or providing custody. • Stored value issued by a merchant that is accepted by the merchant itself (i.e., a closed loop system).
	Currency Exchange	Provide currency exchange services.	Where providing money services is in connection with and a necessary part of other financial service that the entity is licensed to provide e.g., providing credit, dealing in investment as principal or agent, operating an Exchange or Clearing House, managing assets, or providing custody.

Note 1: Money service provider (MSP) is prohibited from using crypto tokens in connection with its money services businesses except in limited circumstances specified in the regulation and from carrying on other financial services relating to crypto tokens. Additionally, MSP must not, in connection with providing money service, receive or provide physical notes or coins, except for the conversion of stored value to physical notes or coins in the UAE.

Regulated Services/ Activities		Brief Description	Licensing Exemptions (non-exhaustive)
Arranging or Advising on Money Services ²	Arrange for Another Person to Receive Money Services	<p>This includes:</p> <ul style="list-style-type: none"> • Introduce a potential user to a money service provider, whether the provider is in or outside the DIFC. • Arrange currency exchange, including spot and forward contracts. • Assist a potential user to use money services e.g., by completing application forms and other processes relevant to the transaction. • Negotiate terms related to money services, including any fees payable to the arranger. • Arrange assurance, incidentals or other arrangements required from a potential user to use money services. 	If the company itself is the relevant money service provider.
	Advise on the Use of Money Service Provider (MSP)	<p>Give advice to another person on the merits of using a particular money service provider.</p> <p>Such advice includes a statement, opinion or report intended to influence a person's decision to use or select a particular MSP or be reasonably regarded as being intended to have such an influence.</p>	
	Account Information	Provide consolidated information on one or more accounts held by the user with one or more account providers.	No applicable exemptions.
	Payment Initiation	Initiate a payment order requested by the user with respect to a payment account held at another PSP.	

Note 2: A person arranging or advising on money services should not be 'holding or controlling' any client money, including any stored value or other funds.

Licensing Scheme

Mainland UAE excluding Financial Free Zones

Regulated Services/Activities		Licensing Schemes			
Retail Payment Service (RPS)	Payment Account Issuance Services	Category 1 license (AED1.5 or 3 million initial capital ¹)	Category 2 license (AED1 or 2 million initial capital ¹)	Category 3 License (AED500,000 or 1 million initial capital ¹)	Not applicable
	Payment Instrument Issuance Services				
	Merchant Acquiring Services				
	Payment Aggregation Service				
	Domestic Fund Transfer Services				
	Cross-border Fund Transfer Services				
	Payment Token Services	Not applicable	Not applicable	Not applicable	Category 4 license (AED100,000 initial capital ¹)
	Payment Initiation Services				
	Payment Account Information Services				
Stored Value Facilities (SVF) Service	Non-Banks	SVF license (AED15 million minimum paid-up capital; aggregate capital funds must be at least 5% of the total float received from the customers.)			
	Banks	Notify the Central Bank and obtain a “No Objection” letter before commencing the SVF business.			
Exchange Business (EB)	Purchase, sale, and exchange of foreign currencies in the form of bank notes, coins and travellers’ cheques.	EB license (AED2 million minimum paid up capital ²)	EB license (AED5 million minimum paid up capital ²)	EB license (AED10 million minimum paid up capital ²)	
	Remittance business within and outside UAE.	Not applicable			
	Payment of wages through connecting to the WPS.			Not applicable	

Note 1: The lower threshold will apply where the monthly average value of payment transactions is less than AED10 million. The higher threshold will apply where it is AED10 million or more.

Note 2: AED50 million if the license is a limited liability company regardless of the activity.

ADGM Financial Free Zone

Regulated Services/ Activities			Licensing Schemes
Providing Money Services	Payment Services	Provide or operate a payment account	Category 3C license (USD250,000 minimum base capital ¹)
		Execute payment transactions	
		Issue payment instruments	
		Sell of issue stored value	
		Provide money transmission	
	Money Remittance		
Currency Exchange			

Note 1: Depending on the type and combination of money services provided, the licensee is also subject to expenditure-based capital requirements as well as variable capital requirements.

DIFC Financial Free Zone

Regulated Services/ Activities			Licensing Schemes	
Providing Money Services	Payment Services	Provide or operate a payment account	Not applicable	Category 3D license (USD200,000 base capital)
		Execute payment transactions		
		Issue payment instruments		
		Sell of issue stored value		
		Provide money transmission	Category 4 license ² (USD140,000 base capital)	
	Stored Value Issuance	Category 3C license (USD500,000 base capital)		
Currency Exchange ¹	/			
Arranging or Advising on Money Services ²	Arrange for Another Person to Receive Money Services	Category 4 license ² (USD10,000 base capital)		
	Advise on the Use of Money Service Provider (MSP)			
	Account Information			
	Payment Initiation			

Note 1: Currently not permitted to offer as a standalone service in or from DIFC.

Note 2: A Category 4 licensee holder must not hold client money, except if it does so in connection with it operating an alternative trading system, operating a crowdfunding platform, or providing money transmission.

Other Key Licensing Requirements

Local Incorporation/ Premises	Yes, required for Mainland UAE excluding financial free zones, ADGM financial free zone, and DIFC financial free zone.
Minimum Capital/ Financial Requirement	Refer to previous section.
Compliance	AML/CFT, segregation and safeguarding of client/relevant monies, corporate governance including internal audit functions, technology risk management, outsourcing, user/customer protection, notifications to regulators, business conduct etc.
Data Storage/ Localisation	There are relevant regulations that govern data to be stored and retained in the UAE, including personal data. There are strict regulations across all three jurisdictions that control the extent to which personal data can be transferred to another country.

Safeguarding Customer Monies

Mainland UAE excluding financial free zones

The Central Bank places a strong emphasis on consumer protection in general which would include ensuring that all licensed financial institutions safeguard customer monies.

Regulated Services/ Activities	Key Requirements	
Retail Payment Services (RPS)	<ul style="list-style-type: none"> • PSPs must safeguard customer monies. Namely, if transactions are settled within 24 hours, PSPs can only hold funds in transit, must ensure funds are not commingled and/or that they are insulated against the claims of other creditors. • If transactions are settled after 24 hours, then PSPs must segregate RPS users' funds through opening an escrow account and/or covering the funds via insurance. 	
Stored Value Facilities (SVF) Service	Use of funds	All funds are deployed for the prescribed usage only; timely and accurate records of funds paid into and out of a licensee's float is required and such reconciliation should be done at least daily.
	Segregation	The assets including cash and bank deposits, in which the float of an SVF scheme held must be segregated from the licensee's own funds as well as funds received for the licensee's other business activities.
	Redemption	Ensure that there are always sufficient funds for the redemption of the float to all customers and there are sufficient additional funds to pay for the costs of distributing the float to all customers in case of need.
	Insolvency	Funds belonging customers are protected against claims by other creditors of the licensees in all circumstances; alternatively, an effective bank guarantee and/or insurance coverage may be used.
	Investment	<p>Should not adopt a business model that takes investment returns from the float management as a significant source of income.</p> <p>To hold a portion of the float in low-risk financial assets other than cash or bank deposits requires the Central Bank's prior written consent.</p>
	Currency Risk	<p>Unless effective currency risk management and controls are put in place, mismatch between the currency denomination of the float and that of the assets in which the float is held is not allowed except for the mismatch between AED and USD positions.</p> <p>If there are legitimate reasons to run a currency mismatch, the licensee must obtain an exemption from the Central Bank.</p>
Exchange Business	Establish a Remittances Intermediate Account and funds available in this account must only be used for settlement of remittances and not for any other purposes.	

ADGM financial free zone

All money held or controlled by a PSP on behalf of a payment service user during, or in connection with, the carrying on of payment services in or from the ADGM is defined as Relevant Money from the time of its receipt, except money which is due and payable to the licensee payment service provider from the payment service user.

A PSP must safeguard Relevant Money which they may be responsible for the transmission of as well as any money which they may hold or control on behalf of a payment service user, or which may be required to fund the redemption of stored value issued to a payment service user.

Additionally, a payment account in which Relevant Money is held must be:

- Designated in such a way as to demonstrate that it is an account held for the purpose of safeguarding Relevant Money.
- Used only in relation to Payment Transactions; and
- Used only for holding Relevant Money.

A PSP must maintain organisational arrangements sufficient to minimise the risk of any loss of Relevant Money through fraud, misuse, negligence, or poor administration.

As to Category 3C licensees providing only one of or both currency exchange and money remittance to their customers, but not payment services, they are not considered to hold client assets, whether in the form of client money or Relevant Money, and not subject to safeguarding requirements.

DIFC financial free zone

The Conduct of Business Module of the DFSA Rulebook provides that all money received from, or for the benefit of, a user in connection with the provision of money services is Client Money, including stored value and money received from another money service provider for the execution of a payment instruction on behalf of a user, except for select situations such as money which is immediately due and payable by the client to the money service provider.

As Client Money is defined as one form of Client Assets, the Client Asset provisions apply to funds or other assets the money service provider receives from a user (i.e., a payer or payee), or that are for the benefit of a user. The money service provider is required to arrange for proper protection of the Client's Assets when responsible for them. An essential part of that protection is that the money service provider must properly safeguard Client Money held or controlled on behalf of a client. This includes introducing adequate organisational arrangements to minimise the risk/loss to Client Assets and maintaining systems and controls to ensure Client Assets are always identifiable and secure.

FX Controls

There are no currency restrictions in the UAE as residents and non-residents are entitled to hold fully convertible offshore or on shore bank accounts in the UAE or overseas in local or foreign currency.

Both the ADGM and DIFC have dealing in UAE Dirham and foreign exchange services restrictions. For example, where a licensee provides money services involving UAE Dirham, it must ensure all Dirham transactions related to the provision of those services are settled through the accounts of a financial institution that is licensed by the CB to accept deposits.

Moreover, both the ADGM and DIFC have restrictions on banks accepting deposits in UAE Dirham and undertaking currency or foreign exchange transactions involving UAE Dirham.

Common Questions

1. Do the licensing requirements apply to Business-to-Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

While the RPSCS Regulation is targeted at PSPs providing retail payment services, there is not a material distinction between B2B and B2C in practice. As to SVF issuance, a customer can be a natural or legal person under the SVF Regulation.

As to the financial freezone regimes, the regulations do not make a distinction in terms of legal or natural persons for the purposes of who is the payee, either.

2. Does a foreign payment service provider (PSP) need to be licensed locally to provide cross-border payment services?

No, local licensing requirements generally will not be triggered if the foreign PSP is not operating payment account services and is instead simply effecting payments on behalf of their overseas clients to recipients in UAE and the financial free zones. However, do note that some interpretations assume users under the scope of the regulations should include payees, who are not clients of the foreign PSP. Under this interpretation, the foreign PSP will then need the requisite local licence. There has not yet been any clarity from the authorities on which interpretation is correct.

3. Are there any key restrictions or thresholds that stored value issuers need to operate within?

Mainland UAE excluding financial free zones

There are no hard limits on e-money issuance and stored value limits, but the regulator has discretionary power to assign limits on a case-by-case basis and will do so depending on their assessment of individual applicants.

ADGM financial free zone

In the ADGM, for the provision of payment services, including selling and issuing stored value, PSPs and payment service users need to enter a framework contract which defines the use of low-value payment instruments. The ADGM places the below limitations on low-value payment instruments:

- Can only be used to execute individual payment transactions of USD25 (or its equivalent) or less and a monthly spending limit of USD1,000 (or its equivalent); or
- Can only have stored value that does not exceed USD500 (or its equivalent) at any time.

DIFC financial free zone

The following limits are imposed:

- The total amount of stored value that may be issued to any individual user must not exceed USD5,000; and
- The total value of a single payment transaction cannot exceed USD1,000.

4. Can licensees provide any lending or pay interest to their customers in UAE?

No, it is not allowed. Paying any interest or other return on funds in the account is likely to result in the account being a deposit and triggers the requirements to be licensed as a bank. Similarly, providing lending, financing or credit line also requires proper authorisation from the authorities.



Vietnam

Introduction

In Vietnam, the Decree 101/2012/ND-CP issued in 2012 on non-cash payment services (Decree 101) and the Circular 39/2014/TT-NHNN issued in 2014 guiding intermediary payment services (IPS) (Circular 39) set out the main legal framework for payment activities. Non-bank entities which intend to provide e-payment services in Vietnam can apply for an IPS license from the State Bank of Vietnam (SBV).

The SBV released a draft Decree in 2019 proposing to increase controls on e-payment services, limit foreign ownership and offer a cash top-up option for e-wallet providers via the banking agent model. In addition, the regulators are considering creating a regulatory sandbox to support start-up companies to pilot test innovative ideas or products under the SBV's supervision.

Regulated Scope

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)	
Decree 101 and subsequent amendments/supplements on non-cash payment services (hereinafter referred to as payment services)			
Payment Services	Via Payment Accounts	<p>Such services include:</p> <ul style="list-style-type: none"> • Providing payment instruments; • Providing payment services via cheques, payment order, collection order, direct debit, bank card, letter of credit, money transfer, remittance, payment authorisation, collection, and payment on clients' behalf; and • Other payment services. <p>Provided by:</p> <ul style="list-style-type: none"> • SBV; • Commercial banks, branches of foreign banks, policy banks that may provide all the payment services listed above; • Cooperative banks that may provide some payment services listed above subject to SBV approval. 	No applicable exemptions.
	Not via Payment Accounts	<p>Such services include money transfer and authorised collection or payment.</p> <p>Provided by:</p> <ul style="list-style-type: none"> • Banks entitled to provide the payment services listed above may provide such services for their clients; • People's credit funds that may provide money transfer services and perform the operations of collection and payment on behalf of their members; • Micro-finance institutions that may provide service of collection and payment on behalf of, and money transfer for, their clients; • Other institutions, which may provide such services pursuant to regulations of the SBV. 	
Payment Intermediary Services	<p>These services include:</p> <ul style="list-style-type: none"> • Providing electronic payment infrastructure; • Assisting payment services; • Other payment intermediary services prescribed by SBV. 	No applicable exemptions.	

Regulated Services/Activities		Brief Description	Licensing Exemptions (non-exhaustive)
Circular 39 and subsequent amendments/supplements on intermediary payment services (IPS) provided by a non-bank provider			
Electronic Payment Infrastructure Services	Financial Switch	Provide technical infrastructure to connect, transmit and process electronic data to make payments via ATMs, POS, internet, mobile phones, and other electronic transaction channels among payment services providers and/or IPS providers.	No applicable exemptions.
	Electronic Clearing	Provide technical infrastructure to receive, compare payment data, and calculate the results of receivable and payable amount of money after clearing among the participating parties to carry out the settlement transactions for parties involved.	
	Electronic Payment Gateway	Provide technical infrastructure to connect between payment acceptance units (agents) ¹ , namely merchants, and banks to support customers to make e-commerce payments, electronic bill payments and other electronic payment services.	
Support Services for Payment Services	Authorised Collection or Payment	Support a bank in carrying out a collection or payment transaction authorised by a customer holding a current account or bank card at the bank through receiving, processing, and sending electronic data messages and calculating amounts obtained through this authorised collection and payment transaction; cancelling authorised collection and payment services for settlement of financial obligations to the related parties.	No applicable exemptions.
	Electronic Money Transfer	Assist the receipts, transmission, and processing of data generated from an electronic money transfer performed or entrusted by a bank. This includes both domestic electronic money transfer as well as cross-border electronic money transfer.	
	E-Wallet	Provides a nominal electronic account via a device (e.g., electronic chip, mobile phone sim, computer) that enables users to store monetary value which is secured by a deposit that is equivalent to the sum of money transferred from users' VND payment account at a bank to a secured payment account at the e-wallet service provider at a ratio of 1:1. Users can use balance-wallets to: <ul style="list-style-type: none"> • Pay for legitimate goods and services. • Transfer money to other e-wallets of the same e-wallet service provider. • Withdraw money from e-wallets to make deposits into his or her payment accounts or debit cards issued by banks. In addition, there are different application requirements for opening individual and corporate e-wallets.	

Note 1: Pursuant to Article 3.8 of Circular 39, payment acceptance units are organisations, individuals providing goods, services and accepting payment via one or several intermediary payment services.

Regulated Services/Activities	Brief Description	Licensing Exemptions (non-exhaustive)
Decision 316 on Mobile Money Service		
Mobile Money Service (MMS)	<p>Electronic money issued by a provider of telecommunications services and identifying clients via mobile subscriber database.</p> <p>Decision 316 was issued to allow a pilot scheme² for mobile money services, under which users' mobile money accounts that are linked to their mobile numbers, can be used to make payment for small-value goods and services, and only for payment of legal domestic transactions in VND.</p> <p>Unlike the e-wallet, the mobile money account is not required to be linked to a VND payment account.</p>	/

Note 2: The Ministry of Information and Communication has sent to SBV an Official Letter No. 1865/BTTTT-CVT in May 2023 proposing to extend the pilot scheme until 31 December 2025.

Licensing Scheme

Regulated Services/Activities		Licenses	Additional Information	Minimum Capital
Circular 39 on intermediary payment services (IPS) provided by a non-bank provider				
Electronic Payment Infrastructure Services	Financial Switch	Intermediary payment services (IPS)	<ul style="list-style-type: none"> If providing financial switch service or electronic clearing service, there must be an organisation in charge of the clearing between the relevant parties. If providing payment services for a client holding accounts in multiple banks, the non-bank IPS provider must associate with a provider of switching and clearing services licensed by SBV to provide such services. 	Charter capital of at least VND50 billion.
	Electronic Clearing			
	Electronic Payment Gateway			
Support Services for Payment Services	Authorised Collection or Payment			
	Electronic Money Transfer			
	E-Wallet			
Decision 316 on Mobile Money Service				
Mobile Money Service (MMS)	E-wallet IPS (pilot scheme)	To be eligible for the scheme, the enterprise must be licensed to provide e-wallet IPS and either: <ul style="list-style-type: none"> Is also licensed to establish a ground public telecommunication network using radio frequency bands; Is a subsidiary permitted to use telecommunications infrastructure, network and data by its parent company that is licensed to establish a ground public telecommunication network using radio frequency bands. 	<ul style="list-style-type: none"> For the prerequisite e-wallet IPS license: charter capital of at least VND50 billion. For the telecom license: legal capital¹ and investment commitments differ by the categories of telecommunication networks set out under the Telecom Law. 	

Note 1: Legal capital is the minimum capital that is required by law to set up an enterprise.

Other Key Licensing Requirements

Local Incorporation/ Premises	Required
Minimum Capital/ Financial Requirement	Refer to previous section.
Compliance	AML/CFT, risk management, reporting requirements, personnel, technical and professional requirements, etc.
Data Storage/ Localisation	<p>The 2018 Cybersecurity Law provides that domestic and foreign enterprises when providing services on telecommunication network, the Internet, and value-added services in cyberspace in Vietnam must store users' personal information data, data of users' relationship or data created by users in Vietnam for a period to be set by the Government if they collect, exploit, analyse or process such data. All local service providers must therefore store such data in Vietnam.</p> <p>Decree 53/2022/ND-CP, issued in 2022 to clarify the 2018 Cybersecurity Law, provides that foreign enterprises that hold the data as defined in-scope may be required to store data and establish a presence in Vietnam if they provide services in the following areas¹:</p> <ul style="list-style-type: none"> • Telecommunications • Providing national or international domain names to service users in Vietnam, • Services providing, managing, or operating other information in cyberspace in the form of messages, voice calls, online chat, or email. • Storing and sharing data in cyberspace. • E-commerce. • Online payments. • Intermediary payments. • Social networks, social media. • Online video games. • Transport connectivity services through cyberspace. <p>Additionally, under Decree No. 13/2023/ND-CP on Personal Data Protection, IPS providers are considered as data controllers, data processors, or data controlling and processing parties, and need to comply with personal data protection requirements.</p>

Note 1: Article 26 of Decree 53/2022/ND-CP.

Safeguarding Customer Monies

Key requirements for the protection of customer funds stated under Circular 39 and Decision 316 are summarised below:

Applicable Licensees		Requirements
Circular 39 on intermediary payment services (IPS) provided by a non-bank provider		
IPS Provider	Authorised Collection or Payment	<ul style="list-style-type: none"> Cooperate with co-operative banks to ensure that there is payment ability to provide authorised collection or payment services, including opening collateral or escrow accounts with co-operative banks for the provision of authorised collection or payment services, maintaining deposit amount, or other security methods.
	E-Wallet	<ul style="list-style-type: none"> Open collateral or escrow accounts with co-operative banks for the provision of e-wallet services. Total balance of all collateral or escrow accounts for the e-wallet services opened at co-operative banks is not less than total balance of all e-wallets.
Decision 316 on Mobile Money Service		
MMS Provider (Pilot Scheme)		<ul style="list-style-type: none"> Open collateral or escrow accounts with commercial banks for the provision of mobile money services. Collateral or escrow accounts for mobile money service must be separated from MMS operator's other accounts opened with commercial banks, for instance, collateral or escrow accounts for e-wallet service, support services for authorised collection or payment, payment accounts for fees, salary accounts and accounts as MMS operators' other purpose accounts. The balance in the collateral or escrow account for mobile money services is not less than the total balance of all mobile money user accounts at the same time.

FX Controls

Foreign exchange activities are tightly controlled in Vietnam and below are a few examples on FX restrictions:

- All payments and transactions conducted in Vietnam must be denominated and paid in VND except for certain limited cases as prescribed under Circular 32 as amended.
- Sending foreign currency overseas is strictly regulated. The sending bank is required to verify the documents submitted by its customer to ensure that the remittance is regulatory compliant and reflect the nature of transactions entered by the customer as required under Decree 70.
- VND can only be converted into foreign currency for a permitted transaction with underlying supporting documentation. Even if conversion is permitted, the SBV strictly controls the exchange rate between the USD and VND as required under Decree 70.

In addition, IPS providers are also subject to various reporting requirements. However, a licensed IPS provider of international electronic money transfer is not required to report to Department of AML under the SBV for transactions with a value of USD 1,000 or more or an equivalent value in foreign currency as required under Circular 09.

Common Questions

1. Do the licensing requirements apply to Business-to-Business (B2B) eCommerce platforms?

Yes. Generally, if the platform accepts and processes payment transactions for merchants, which results in a transfer of money/settlement of funds to the merchants without engaging a licensed service provider to facilitate the flows, the licensing requirements will apply.

2. Does a foreign payment service provider (PSP) need to be licensed in Vietnam to provide cross-border payment services?

Yes. Generally, the provision of payment services on a cross-border basis to clients in Vietnam will trigger the licensing requirements and the same applies to foreign PSPs who pay on behalf of their overseas clients to recipients in Vietnam. In practice, however, it may not be possible for foreign PSPs to obtain a licence.

Licensing will not be required if foreign PSPs partner with local licensed providers to pay on behalf of their overseas clients to recipients in Vietnam.

3. Are there any key restrictions or thresholds that e-wallet providers or MMS operators need to operate within?

Yes, key restrictions or thresholds stated under Circular 39, and Decision 316 are summarised below:

Licensed Providers	Requirements
Circular 39 on intermediary payment services (IPS) provided by a non-bank provider	
E-wallet Provider	<ul style="list-style-type: none">E-wallets must be linked to VND payment accounts or debit cards (linked to VND payment accounts) that customers open at banks.Total maximum limit on transactions performed via a personal e-wallet of a customer (including payments for legal goods and services and money transfers from this e-wallet to another e-wallet opened by the same e-wallet provider) shall not exceed VND100 million per month; This limitation does not apply to individual e-wallets of persons signing merchant contracts/agreements to become entities accepting payments with e-wallet providers.
Decision 316 on Mobile Money Service	
MMS Provider (Pilot Scheme)	<ul style="list-style-type: none">Each mobile money user is eligible to open only one mobile money account with each MMS operator.A total transaction value cap of VND10 million per month per mobile money account.The MMS operator under pilot program is further prohibited from renting, leasing, borrowing, lending, exchanging, gifting, giving, purchasing, or selling mobile-money accounts or information thereof as well as using the client money in mobile money accounts for MMS operators' own purposes.

4. Can licensees provide any lending or pay interest to their customers in Vietnam?

No, it is not allowed. In addition, under Circular 39, e-wallet providers are not allowed to extend credit to e-wallet users, pay interest on e-wallet balances or any act that may result in increasing monetary value in an e-wallet compared to the amount loaded into that e-wallet. The same principles apply to MMS operators.

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