

**Instructions for Capital Requirements for Electronic Payment and
Money Transfer companies No (3/2018)
Issued Based on the Provisions of Paragraphs (a) of Article (5) and (a) of
Article (6) of the bylaw of Electronic Payment and Money Transfer No.
(111) of 2017**

Article (1):

These Instructions are called "Instructions for Capital Requirements for the companies of Electronic Payment and Money Transfer" and shall enter into force as of 18/03/2018.

Article (2):

- A. The definitions contained in the bylaw of Electronic Payment and Money Transfer in force shall be adopted wherever it is provided in the provisions of these Instructions.
- B. The word "bylaw" wherever provided in the instructions shall mean the bylaw of Electronic Payment and Money Transfer in force, unless the context provides otherwise.

Scope of Application

Article (3):

- A. These Instructions are applied to all companies operating in the Kingdom, including the foreign companies' branches licensed by the Central Bank to practice any of the payment services activities or management and operation of the electronic payment systems.
- B. The provisions of the Instructions shall not apply on each of the banks and exchange companies that practice any activity of payment services or managing and operating the electronic payment systems.

Capital Requirements

Article (4):

- A. The minimum paid up capital of the company to practice payment service activities shall be as follows:
 - 1. (1,000,000) one million dinars, in the event that the Company practices one of the following activities:

- a) Issue and manage the payments' instruments except the debit payment instruments.
 - b) Manage the cash deposits and withdrawals electronically.
 - c) Manage and execute the credit and debit electronic payment processes, which cover payment by mobile phone.
 - d) Electronic collection services for money.
2. In case the company practices more than one of the activities provided for in item (1) of this paragraph, the company undertakes to provide the minimum capital provided for in item (1) of this paragraph and add thereto (10%) of its value for each one of those activities.
- B. (1,500,000) one million five hundred thousand dinars, in the event the company practices the activity of providing electronic money issuance and management services.
- C. (2,000,000) two million dinars, in case the company practices the activity of providing electronic transfer services of money.
- D. In case of approval for the company to practice more than one activity of the payment services referred to in paras (a), (b) and (c) hereof, the company undertakes to provide the highest value capital for the activities to be practiced.

Article (5):

- A. The minimum paid up capital of the company to practice any of the activities shown below shall be (3,000,000) three million Dinars:
1. Manage and operate the electronic payment systems.
 2. Manage and organize clearing or settlement of transactions between participants in the electronic payment system.
- B. In the event of approval to the company to manage and operate more than one electronic payment system, the company undertakes to provide the capital provided for in paragraph (a) of this article in addition to (20%) of its value for every electronic payment system managed and operated by the company.

Article (6):

in the event that the licensed company for providing services of managing and operating electronic payment systems has been approved to practice any of the payment service activities the company shall be committed to provide the minimum capital, according to the provisions of Article (5) plus (50%) of the capital according to the provisions of Article (4).

Article (7):

The foreign company undertakes for the purposes of licensing a branch of it in the Kingdom to transfer the entire capital specified under these Instructions in a single payment to the Kingdom prior to obtaining the final license from the Central Bank.

Article (8):

A. The company undertakes, with a maximum limit of two years from the beginning of the year following the year in which the final license was granted to it, to recalculate the capital that must be retained by it, and which should not be less than the paid up capital according to the following formula:

$$RC = (A+B+C+D+E) * K$$

Whereas:

RC	:	The Capital.
APV	:	The monthly average of the executed or assessed transactions' values in dinars for the previous year.
A	:	4% of the (APV), with value over (5) million dinars only.
B	:	2,5% of the (APV), of a value more than (5) million dinars and up to (10) million dinars.
C	:	1% of the (APV), of a value more than (10) million dinars and up to (100) million dinars.
D	:	0,5% of the (APV), of a value more than (100) million dinars and up to (250) million dinars.
E	:	0,25% of the (APV), amounting to more than (250) million dinars.
K	:	The risk factor against provision of activity depends on the following: 0,5 : When the company practices any activity provided for in paragraph (a) of Article (4) of these Instructions. 0,6 : When the company practice the activity provided for in paragraph (b) of Article (4) of these Instructions. 0,7: when the company practice the activity provided for in paragraph (c) of Article (4) of these instructions. 0,8 : When the company practice the activity provided for in paragraph (a) of Article (5) of these Instructions.

B. In case, the licensed company for providing payment services practices more than one activity of payment services depending on the highest risk factor (K) against the activities that it practices, provided that total (APV) on all these activities shall be used in the calculation process.

- C. In case the licensed company for providing management and operation of electronic payment systems, manages and operates more than one electronic payment system which approves risk factor (K) amounting to (.8), provided that total (APV) of all electronic payment systems managed by the company shall be used in the calculation process.
- D. With due observance to the provisions of paragraph (b) and (c) hereof, and in case the licensed company for providing management services and operation of electronic payment systems practices any payment service activity, the capital of the company shall be separately calculated for each activity of payment services and activity of management and operation of the electronic payment systems, hence the capital required from the company shall represent the total capital of the activity of management and operation of electronic payment systems and the capital of payment service activity.

Article (9):

With due observance to the provisions of articles (4), (5) and (6), the company may reduce its capital by no less than the capital specified under Article (8) of the Instructions provided that it must obtain a prior written approval of the Central Bank.

Article (10):

- A. The company undertakes to recalculate its capital, according to the formula referred to in Article (8) of these Instructions every two years. The recalculation period of the capital shall be during January of the year following the lapse of the two-year period and obtaining of the prior written approval of the Central Bank before proceeding with the capital increase or reduction measures.
- B. The foreign company shall transfer the amount of capital increase resulting from the recalculation process according to the formula referred to in Article (8) of these Instructions in a single payment to the Kingdom, no later than the end of July of the same year in which the recalculation process was made.
- C. The company shall adjust its position in meeting the capital value resulting from the recalculation process according to the equation provided for in Article (8) of these Instructions no later than the end of July of the same year in which the recalculation was made and submit a substantiation proof to the Central Bank.

"This document has been translated for knowledge, but for legal purposes the Arabic version is adopted"

- D. In the event that the company is unable to adjust its position as indicated in paragraphs (b) and (c) of this Article, the company shall be committed to provide collateral determined by the Central Bank with a value corresponding with the amount of capital increase or the difference resulting from the amount of capital increase that the company has provided no later than the end of August of the same year in which the recalculation process was made and submit a substantiation proof to the Central Bank.

General Provisions

Article (11):

The Central Bank may take any administrative measures or penalty sanctions provided for in Article (39) of the bylaw, in the event the company violates the capital requirements provided for in these Instructions.

**Governor
Dr. Ziad Fareez**