

**Requirements for the Provision of Services of Issuance and  
Management of Electronic Money No. (11 / 2018)  
Issued Based on the Provisions of Article (19/a) of the Bylaw of  
Electronic Payment and Money Transfer No. (111) for the year 2017**

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**Article (1) :**

- a) All operating companies in the Kingdom, including the branches of the foreign companies which are licensed by the Central Bank undertake to provide payment services and wish to practice the activity of providing the electronic money issuance and management services in fulfillment of the requirements and conditions specified in this document.
- b) The Exchange Companies which are licensed by the Central Bank undertake to provide the payment services and wants to practice the activity of providing the electronic money issuance and management services in fulfillment of the requirements and conditions specified in this document to the extent of none contradicting with the effective Money Exchange Business Law, regulations and instructions issued pursuant thereto.
- c) These requirements are not applied on the closed prepaid payment instruments, which are acceptable by a certain merchant or a certain commercial chain only.
- d) These requirements are not applied on the payment transactions of commodities and electronic services cost which are executed by customers of the communication networks operators licensed by the Telecommunications Regulatory Commission through prepaid balance which allocated thereto in consideration of benefiting from the Communication Services, provided that such commodities and electronic services are available to the customers and connected to them electronically through the same communication networks with which they are dealing.

**Article (2):**

The following words and phrases, wherever provided in these instructions, shall have the meanings assigned to them, unless the context provides otherwise.

**Electronic Money Issuer :** The licensed Company by the Central Bank to practice the activity of delivering the service of electronic money issuance and management

**Prepaid Payment Instrument :** The payment instrument issued by the bank or the issuer of electronic money to its customer, deposited with electronic money.

**Electronic Money Account :** The electronic account opened by the issuer of the electronic money to the customer, deposited with electronic money in advance and associated with the prepaid payment instrument.

**Dormant Accounts Of Electronic Money :** The account that did not receive any financial transaction and it was not possible to infer the existence of the account holder through his other dealings with the issuer of the electronic money and all means of communication therewith was exhausted and a period of one year has lapsed from the date of the last financial transaction made thereon.

### **Conditions of electronic money issuance and management**

#### **Article (3) :**

- A. The issuer of the electronic money cannot provide the services of issuing and managing the electronic money except through an electronic system which is capable of fulfilling at least the following requirements:
1. Managing the operations related to the issuance of the electronic money.
  2. Managing the customers' data and their electronic money accounts.
  3. Assigning a single identification number for each electronic money account.
  4. Monitoring and following up the operations ascertain its correctness and authenticity as well as detect fraud or suspicious acts.
  5. Issuing the necessary reports including the execution of daily and periodical re-conciliations.

## **Controls on the provision of electronic money issuance and management services**

### **Article (4):**

The issuer of the electronic money must adhere to prepare the necessary arrangements to provide the services of electronic money issuance and management including, as a minimum, the following:

- A. Exert due diligence procedures towards the customers and verifying it in the suitable manner prior to establishing the electronic money accounts for the customers in line with the provisions of the effective instructions of anti-money laundering and counter terrorism financing.
- B. Set up the suitable procedures to identify, evaluate, manage and re-evaluate the risks that may arise from the provision of of electronic money issuance and management services and in particular compliance risks, operational risks, settlement risks, money laundering or terrorism financing risks.
- C. Set up the suitable mechanisms, procedures and controls to ensure the information security and protection as well as to protect the electronic money accounts and the prepaid payment instruments associated with any misuse, penetration or use of fraudulent means.
- D. Set up and organize the necessary procedures for the daily and periodical reconciliation.
- E. Set up suitable procedures and mechanisms for managing the liquidity.
- F. Set up clear work procedures with respect to refunding the sums of money to the customers in the event of his permanent stoppage from providing the activity of issuing and managing the electronic money.

## **Dealing with the Electronic Money Accounts**

### **Article (5) :**

The issuer of the electronic money for the purposes of dealing with the electronic money accounts should comply with the following:

- A. Do not open an account to the customer except after obtaining his approval.
- B. Organize the relationship with the customer pursuant to contractual agreements written in an easy and clear language showing the roles, responsibilities and rights of both parties, including clarifying the periods and procedures for freezing and reactivating electronic money accounts and the consequences thereof and provide the customer with a copy of this agreement.

- C. Restrict the functions and transaction limits in the electronic money accounts, number of such accounts and the prepaid payment instruments, associated therewith per customer taking into consideration the methodology of classifying the risks level of the customers and the prepaid payment instruments which are associated with the electronic money accounts including its nature and geographic scope fixed thereto.
- D. Disclose to the customer the amounts of commissions whereby such commissions will be separated from the values of the executed payment transaction in a manner suiting with the pricing policy fixed by the Central Bank, if any, and also show the standing balance of the electronic money in the electronic money account of the customer at any time.
- E. Immediately settle the executed financial transactions to or against the electronic money accounts of customers and notify the customer in due course.
- F. Close the electronic money account and immediately facilitate its liquefying procedures as requested by the customer without any commissions in consideration of closing the electronic money account.

**Article (6):**

The Central Bank may, whenever it deems suitable, impose a maximum limit for the value of transactions or number of processes which can be made on the electronic money account and prepaid payment instruments associated therewith, including the number of accounts and instruments which each customer can be permitted to own and the amount of commissions which can be collected by the issuer of the electronic money.

**Dormant Money Accounts**

**Article (7):**

The issuer of the electronic money must adhere to formulate clear and effective work procedures and arrangements with respect to managing the electronic money accounts in the following cases:

- A. Upon the demise of the customer and in a manner compatible with the legislations in force in this respect.
- B. Freezing the electronic money account.

**Article (8):**

Upon considering the electronic money account as dormant, the issuer of the electronic money must adhere to the following requirements:

- A. Inform the customer promptly of the freezing of his electronic money account and the procedures which are necessary for its activation at his available address with the issuer of the electronic money.
- B. Freezing the electronic money account and the prepaid payment instruments associated therewith.
- C. Set internal supervisory controls whereby no access to the electronic money account is permitted unless a sound central supervision and oversight by control of the issuer of the electronic money is taking place.
- D. Transfer the files related to the dormant electronic money accounts and keep them in a secured place at a higher supervisory level than applied to the rest of the other files.
- E. Exert due diligence procedures to communicate with the holders of these electronic money accounts and continue to send and document statements of accounts and periodic notifications to the holders.
- F. Notify the customer with a suitable communication method that the electronic money account will be considered dormant at least one month prior to considering electronic money account as dormant.
- G. Provide the Central Bank with a monthly report concerning the dormant electronic money accounts.

**Article (9):**

- A. Any withdrawal or financial transfer from the dormant electronic money account will not be accepted except after the customer personally or whoever represents him legally or the authorized signatory signs on the electronic money account in the case of the legal person reviews the electronic money issuer and settling the consequent obligations vis-a-vis duly re-activate the dormant electronic money account provided that such authorities are restricted to a stringent central supervisory level.
- B. If the customer or his legal representative or the authorized signatory on the electronic money account in the case of the legal person requests the electronic money issuer to reactivate the dormant electronic money account or withdraw the balance the electronic money issuer shall reactivate the electronic money account or pay the outstanding balance after verifying the customer's or his legal representative authorized signatory on the electronic money account in case of the legal person identity and request him to sign a

confirmation of re-activating the account and the validity of the balance at that date.

- C. Debit and credit transactions shall not justify reactivating the dormant electronic account except what stated in Paragraph (a) of this Article.
- D. The dormant electronic money accounts will be subject to the provisions of the law of the "government's acquisition of money that reach limitation" and any superseded laws or amendments, as well as any other relevant legislations.

**Article (10) :**

- A. The issuer of the electronic money should formulate clear work mechanism and procedures in respect of dealing with the prepaid payment instruments with expired validity, including notifying the customer at least thirty days prior to the date of expiry of validity of the prepaid payment instrument.
- B. Not to freeze or revoke the electronic money account in the event of expiry of validity of the prepaid payment instrument associated therewith.

**Prohibited Activities on issuers of Electronic Money**

**Article (11) :**

The issuer of the electronic money is prohibited from carrying out the following:

- A. Issue or recover the electronic money except by the same value of the currency which was issued therewith.
- B. Outsource the electronic money issuance process to any third party, excluding the agency activities which are based on permitting the agent to issue the electronic money to customers through the electronic system of the electronic money issuer.
- C. Accept deposits in any form.
- D. Utilize customers' funds in consideration of obtaining any type of credit.
- E. Utilize the balance charge cards for mobile phones in consideration of issuing the electronic money.

## **General Provisions**

### **Article (12) :**

The Electronic money issuer must adhere to the requirements and conditions of collateral stated in the active collateral instructions for the electronic payment and money transfer companies.

### **Article (13) :**

These requirements shall be operable as of the date of its approval provided that Mobile Payment Instructions and its amendments, and circulars, texts and provisions associated with the mobile payment service will be effective towards companies which practice mobile payment services until reaching a compromise of its positions as per the provisions of the effective electronic payment and money transfer as well as the instructions issued pursuant thereto.

**Governor  
Dr. Ziad Freiz**