



# LICENSING GUIDELINE

**For Electronic Payments & Money Transfer Activities**

**For local companies and branches of foreign companies**



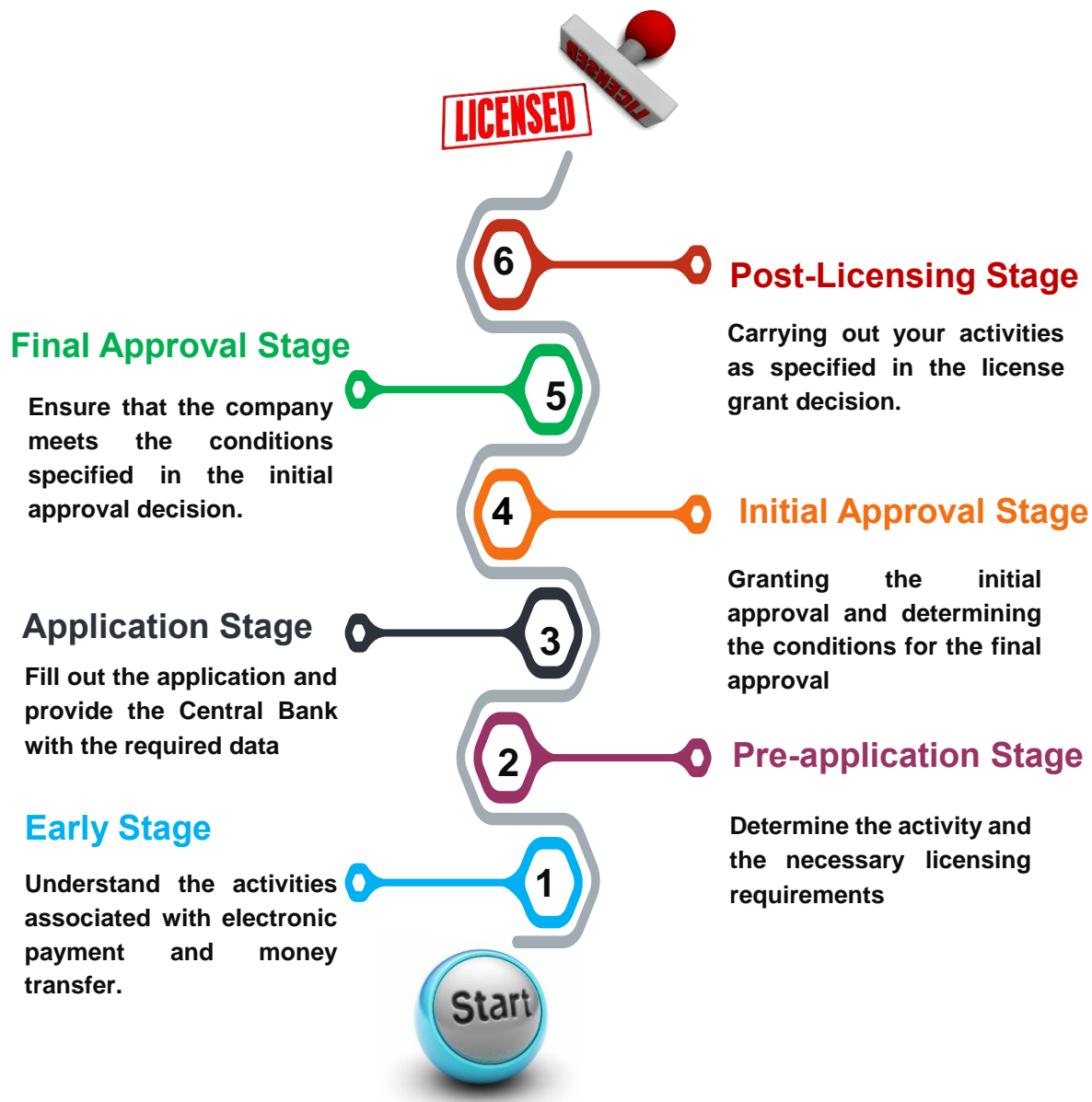
*Central Bank of Jordan*

**Oversight & Supervision on National Payment System Dept.**

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## INTRODUCTON

Within Central Bank of Jordan efforts in regards of regulating the national payment system with its all components in safely and efficiently manner as well as strengthening electronic payment systems, tools and instruments, electronic payment and money transfer system as a whole in the Kingdom, Central Bank of Jordan has adopted several responsibilities to achieve this, including setting the legal and regulatory frameworks, and maintaining the required technical, technological and functional infrastructure, to facilitate and encourage the adoption and development of innovations and initiatives in the context of electronic payment and money transfer services.

As a complement to Central Bank of Jordan efforts, this guideline has been prepared to assist any entity wishing to engage in any of the activities of electronic payment and money transfer services specified in the electronic payment and money transfer bylaw No. (111) for the year 2017 issued pursuant to the provisions of the electronic transactions law No. (15) of the year 2015, As this guideline provides all the information necessary to answer any queries related to the process of obtaining the necessary license from Central Bank of Jordan, within several interrelated stages starting with the stage before submitting the license application walking through the initial and final approval stages of the license and continuing them until after obtaining the necessary license to practice any activity related to electronic payment and money transfer services.

This guide consists of six sections; The first section "**The Early Stage**" includes the necessary basics related to electronic payment and money transfer activities, including providing assistance to entities wishing to obtain a license by helping them determining the appropriate activity to practice, and to submit the application, while the second section "**The Pre-application Stage**" includes details that entities need to know if they decide to engage in any electronic payment and money transfer services activities; This section includes the details of the meetings that are held with the founders before submitting the

application, to answer their inquiries, and provide them with the necessary advice and guidance, after that comes the third section "**Application Stage**", which relates to the details of the application for obtaining the initial approval to practice any of the electronic payment and money transfer service activities, submitting mechanism, and the related periods, including the period within Central Bank of Jordan is entitled to respond to the application and take the necessary decision on granting initial approval.

As for the fourth section, "**Initial Approval Stage**", after completing studying the submitted application, the necessary decision will be issued regarding it by rejecting the application or granting the initial approval, during this stage the founders need to meet several requirements related to the type and nature of the activity that will be practiced, including the founders going through the procedures of registering their company at the Companies Control Department according to the activities that were specified in the initial approval letter and paying the paid-up capital and other requirements.

After that comes the fifth section, "**The Final Approval Stage**", during which the procedures and requirements for obtaining the final approval are clarified. Finally, the sixth section comes "**The Post-Licensing Stage**", which highlights the stage of the company's life after obtaining the license and its responsibilities towards Central Bank of Jordan, other official authorities, and electronic payment and money transfer companies.



### **Disclaimer**

- ✓ This guide is designed to help any entity wishing to practice any of the activities related to payment services or the management and operation of electronic payment systems, in terms of clarifying the steps that can be taken to obtain the necessary license, within stages that clarify the requirements and procedures to be followed.
- ✓ This guide is for guidance purposes only. It cannot be relied upon without referring to the electronic payment and money transfer bylaw No. (111) for the year 2017 and the instructions issued according to its provisions that can be reached through the hyperlinks embedded within the name of the bylaw and any of these instructions wherever they appear in this guide



## SECTION 1 *Early Stage*

### Key Concepts

#### E-payment system

The group of programs or instruments prepared for payment, transfer, clearance, or settlement of funds electronically approved by CBJ.

#### E-payment system administrator

The company is authorized by CBJ to perform any of the activities of managing and operating electronic payment systems.

#### Payment services provider

The company is licensed by the Central Bank of Jordan to practice any activities of electronic payment and money transfer services.

#### E-payment instrument

Any electronic means approved by CBJ that enables its holder to pay or transfer money electronically, comes in three types: credit, debit, and prepaid.

#### E-payment channel

An electronic means that enables the customer to access the electronic payment account and the related services, such as a mobile application or electronic portals.

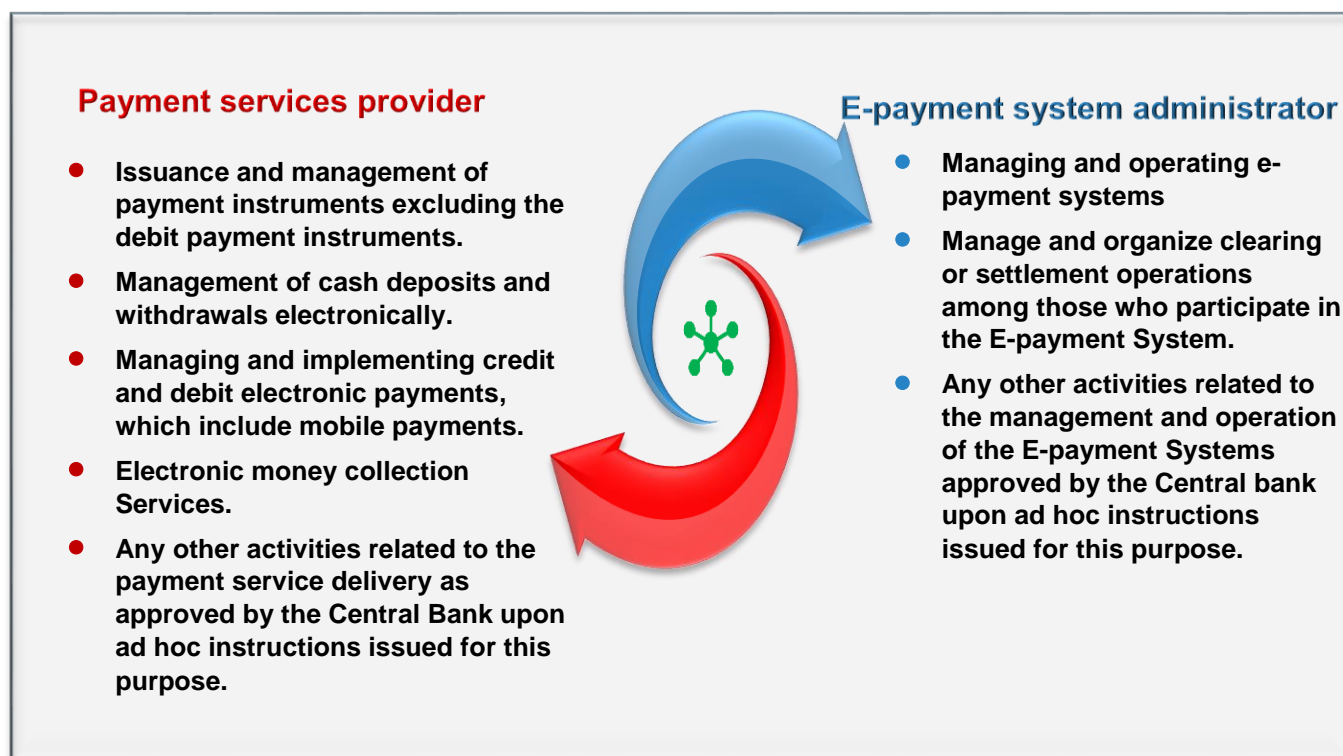
Before starting the journey of obtaining the necessary license to practice any of the payment services activities or managing and operating electronic payment systems (hereinafter E-payment systems), it is recommended that you first read the legislative framework governing those activities, which is represented by [\*“The Electronic Payment and Money Transfer Bylaw No. \(111\) for the year 2017 and the instructions issued pursuant to it”\*](#), this step aims to establish a clear and simplified understanding of your activities regarding electronic payment and money transfer services subject to the oversight and supervision of the Central Bank of Jordan (hereinafter CBJ), and compare them with those activities that you are thinking and planning to practice.

After you read the above-mentioned legislations, it shall be clear to you the nature and types of electronic payment and money transfer activities, which can be divided into two main categories:

- ❖ Managing and operating E-payment systems and those who practice this activity are called E-payment system administrator/ operator.
- ❖ Providing electronic payment services and those who practice any of these activities are called payment service provider (PSP).

➤ **Permitted practices for E-payment system administrator and payment service providers**

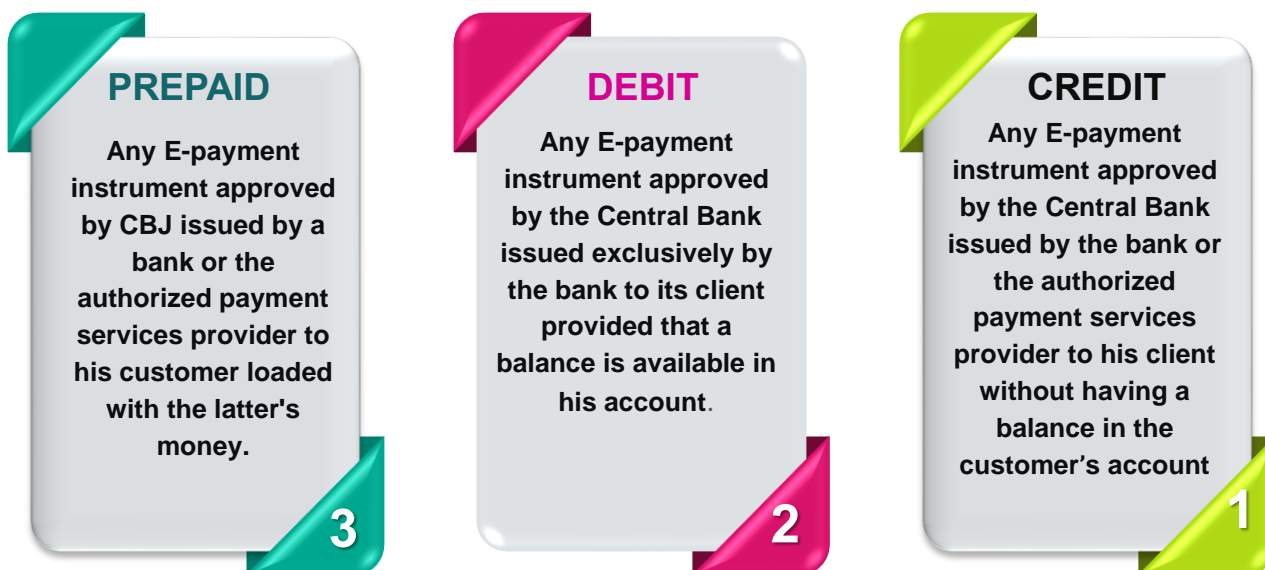
*The Electronic Payment and Money Transfer Bylaw* determined in the articles (16) and (17/a) the activities that are permitted for the payment service provider and the e-payment system operator, which can be illustrated in the following form:



Administrator and operator of the E-payment System upon approval granted thereto by CBJ can practice any of the activities that the payment service provider is permitted to perform upon the provisions of article (15/b) of the effective electronic payment and money transfer bylaw which stipulates that “The Company licensed to practice the management and operation of the E-payment system can implement any of the activities within the operations of a payment service provider after obtaining prior approval from the board and fulfilling all CBJ requirements for each case per se”, noting that the company licensed as a payment service provider is not allowed, upon its license to practice any of

the activities permitted to the administrator and operator of the E-payment System, but it requires it to obtain a separate license from CBJ for this purpose.

It may be appropriate in this regard to clarify the difference between the various payment tools identified within Article (4) of the effective electronic payment and money transfer bylaw, as follows:



➤ **How can the payment service provider perform the above activities?**

As the activities that the payment service provider is permitted to practice pursuant to the provisions of *“The Electronic Payment and Money Transfer Bylaw No. (111) for the year 2017”* have already been mentioned, these activities can be categorized to five main activities illustrated in the figure below, the payment service provider shall, under the license granted by the Central Bank, practice any of the following activities without exception:

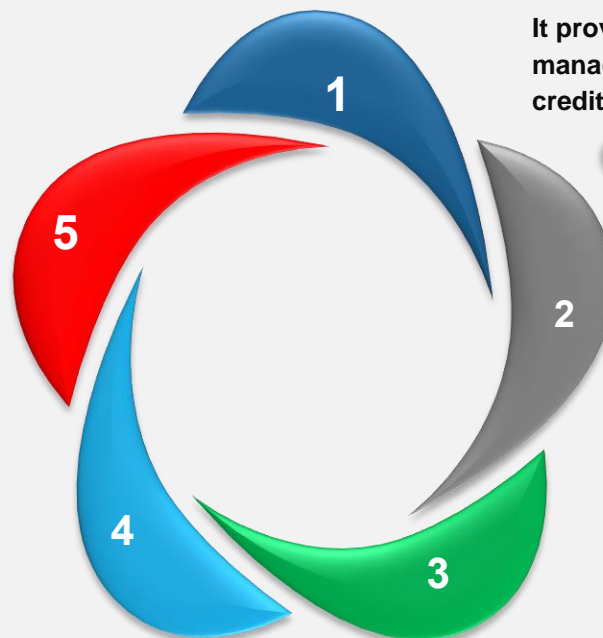
**Managing and implementing credit and debit e-payments, including mobile payments.**

After the service provider obtains the license to practice this activity, PSP can obtain CBJ's approval to engage in the electronic transfer activity specified in Article (20 / A) of the electronic payment and money transfer bylaw No. (111) for the year 2017, after meeting the requirements of this activity.

**E-money Acquiring Services**

It provides money collection services through the channels available to the customer to pay electronically, for example:

- Through points of Sale
- Through "e-EFAWATEERcom" system.
- Through e-Commerce portal.



**Management of cash deposits and withdrawals electronically.**

Provides funds depositing and withdrawing services through the payment channels available for the customer, for example:

- Automated Teller Machines (ATM)
- Self-Service Devices (KIOSK).

**Issuance & management of credit payment instruments**

It provides credit issuance and management service, including credit cards.

**Issuance & management of prepaid payment instruments**

After the service provider obtains the license to practice this activity, PSP can obtain CBJ's approval to practice the activity of issuing and managing e-money specified in Article (19 / A) of the electronic payment and money transfer bylaw No. (111) for the year 2017, which enables PSP to issue prepaid tools and store the value of electronic cash in them, after meeting the requirements of this activity.



## SECTION 2 *Pre-Application Stage*

### ➤ The purpose of this stage

You can apply for a license to practice any of the activities related to electronic payment and money transfer services, whether as a payment service provider or as an administrator and operator of the E-payment system, at any time after completing the licensing application form approved by the Central Bank of Jordan for this purpose, and you can within this stage request for a meeting with representatives of the Central Bank of Jordan before submitting the licensing application, which brings many benefits to both parties, where the greatest benefit for you is determining whether the activity that you intend to engage in is included in the activities of electronic payment systems management or payment services that subject to the oversight and supervision of the Central Bank of Jordan and then the requirements You must fulfill to obtain a license, and this meeting (or meetings) are expected to achieve the following goals:

#### Licensing example

**Companies are licensed as a payment service provider in the Jordanian market:**

Mobile payment services companies, and carry out several activities

Issuing and managing prepaid payment tools

Management and implementation of credit and debit electronic payments, which include mobile payment

E-money issuance & management

E-money Acquiring Services

Electronic money transfer

- ✓ Understand the licensing process and what happens at the various stages, from submitting the application until obtaining the final license or rejecting the application for not meeting the conditions and requirements.
- ✓ Understand CBJ's expectations of you, especially in terms of meeting the licensing conditions and requirements related to the activity that you wish to engage in.
- ✓ Discussing your proposal and providing any suggestions that might arise to support a better-quality proposal to achieve the

ultimate goal of maintaining a safe and efficient national payment system, and strengthening the electronic payment and money transfer system in the Kingdom.

- ✓ Identify any particular concerns that we might have early on and help you decide whether you want to spend time and money on an application that may not be successful;
- ✓ Assist you to submit as complete an application as possible to enable us to reach a decision regarding it within the period specified in the relevant legislation.

### ➤ **Introductory Meeting**

Although the meeting is not a mandatory step; However, its importance stems from allowing you to discuss your plans with us, clarify them appropriately and develop them whenever the need arises, also this meeting allows us to highlight any areas that we consider you need to address before you can move further through the pre-application stage, you will also have the opportunity to ask questions about the licensing process from its beginning until the issuance of the licensing decision, whether acceptance or rejection, and it is not necessary to meet directly (face to face) in CBJ premise; it is possible to communicate with you through video call, conference call, or E-Mail, where we will answer all your inquiries and assist you step by step to submit your application as appropriate.

### ➤ **What do you need to know and do?**

At the meeting - regardless of the communication method used - you will be asked to prepare a high-level summary of your business proposition, and as a minimum should contain the following:

1. An explanation of why you want to practice the proposed activity and your plans to develop it, if necessary.
2. The nature of the activity you wish to practice, including:

- ✓ The services and products proposed to be provided and the mechanism of their provision including (targeted customers, targeted markets and regions, proposed distribution channels).
- ✓ High-level brief of the expected economic feasibility of the activity.
- ✓ Proposed owners and proposed sources of funds to finance the activity.
- ✓ Project plan; an overview of the implementation plan and possible timetable for launching the activity.
- ✓ Corporate governance, including the expected structure to manage and operate the company, for example, the proposed members of the board of directors and expected executive management.

➤ **Request for a meeting**

In order to meet with us, you can send an email to us explaining that you want to obtain the necessary license to practice any activities related to electronic payment and money transfer services.

In the E-Mail, It is recommended that you attach all available information from the aforementioned information above, which will help us in preparing for the meeting and determining whether there is any necessary information or any requirements that we can request from you or provide you with for the purposes of meeting with you, in addition to setting the date of the meeting at a mutually convenient time, or providing you with our response to your inquiries through E-Mail.

➤ **What will happen at the meeting?**

At the meeting, you will meet staff from the Oversight and Supervision on the National Payments System Department to discuss the proposed business model, it is expected that your legal, business and a technical representative will attend from your side.

In the meeting, you are required to explain the whole business model, and by the end of the meeting, we should have a clear idea of why you want to practice the proposed activity and fully convinced of the added value obtained from granting you the license to practice this activity. On your part, you should have a clear understanding of the licensing requirements that you must meet to obtain the license, and the associated regulatory frameworks, and the next steps in terms of submitting the license application formally and subsequent stages, in addition to the activities that you are permitted to practice under this license. The figure below outlines what you can expect from us and what we expect from you during this meeting.

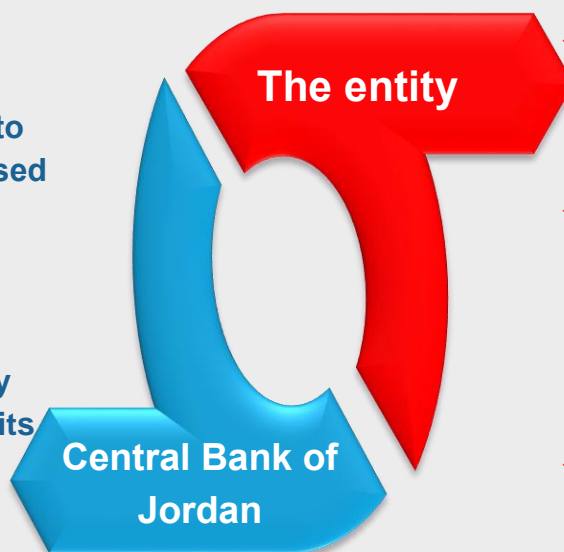


**You can request**

**a meeting by sending an E-Mail to the following email address:**

**[Licensing.oversight@cbj.gov.jo](mailto:Licensing.oversight@cbj.gov.jo)**

- ✓ **Determine the licensing entity is required to obtain to practice the proposed activity.**
- ✓ **Clarify all requirements for obtaining licenses.**
- ✓ **Providing the entity with any feedback its proposal and the ability to deploy it.**



- ✓ **Clearly describe its system and specify the services that it wants to provide**
- ✓ **Clarify how it will meet the licensing requirements and comply with the specific requirements in particular.**
- ✓ **Determining the added value obtained from the services provided through the entity's system on the national payments system, including enhancing financial inclusion.**

## SECTION 3 *Application Stage*

Reaching this stage indicates that you have acquired a clear understanding about the type of activity that you wish to practice, in addition to a good knowledge of the legal requirements related to the activity that you must meet, therefore you can now submit your application to grant a license by filling the application published on the CBJ's website to be duly studied by our staff.

### ➤ **Filling the application**

Before you submit your application, you should review it to ensure that all the fields contained therein are filled with the necessary data, and to check you have provided adequate responses to all questions and enclosed any supporting documents, taking into account all the issues that were discussed in the meeting that was held during the pre-application stage.



It is important to provide us with any information that you think we should be aware of, and it is worth noting that submitting false or incorrect information will affect the acceptance of your request and maybe the reason for its rejection, as well as the undertaking contained in the license application must be filled out by the authorized signatory of the founder or founders which states that all information contained in the application is true, complete and that no material information has not been disclosed.

### ➤ **The application**


When submitting your application, you must indicate the following:

1. The proposed legal form of the company (knowing that the type of company must be a private or public shareholding).
2. The minimal capital requirements and you can calculate it by referring to the *“Instructions for Capital Requirements for Electronic Payment and Money Transfer*



*Companies No. (3/2018)*”, as well as “*Opening branches and offices Instructions for the Electronic Payment and Money Transfer Companies No. (1 /2020)*”.

3. The full name of each founder, his nationality and percentage of his ownership in the company’s capital, directly or indirectly and his curriculum vitae, in case the company is a public shareholding, it is sufficient to provide data on the founder who contributes directly or indirectly at least (5%) of the capital of the company.
4. The name and address of the external auditor, given that it meets the requirements specified in the “*External Auditing Instructions for Electronic Payment and Money Transfer Companies No. (7/2018)*”.
5. The following shall be attached to the license application:
  - a. Corporate charter and articles of association
  - b. Company’s proposed organizational structure in a manner consistent with all roles and functions mentioned in the licensing application form that reflect the minimum required jobs according to the “ *Instructions Institutional Governance for Electronic Payment and Money Transfer Companies No. (10/2018)*”, and Cyber Risk Resilience Instructions No. (1/26/1 / 1984), and any jobs required by the instructions issued pursuant to the provisions of “*The Electronic Payment and Money Transfer Bylaw No. (111) for The Year 2017*”.
  - c. The company's financial statements, certified by an auditor for the last three years or the duration of the company's practice of its work, if it is less than that.



**In case your company is a branch of a foreign company, you must meet the additional requirements of the branches of foreign companies specified in the “*Instructions to Permit Foreign Companies to Practice Electronic Payment and Money Transfer Services No. (5/2018)*.”**

- d. The economic feasibility study and the estimated proposed budgets for the first three years of the company's work as well as the basis on which they have been prepared.
- e. A detailed description of the activity to be performed; including as a minimum the following:



**An explanation of the electronic payment system that is intended for acquisition and operation, including:**

- ✓ A detailed description of the system and the services it provides.
- ✓ Entities intended to deal with them as participating members of the system and the criteria for participation that they are intended to adopt.
- ✓ Operations flowchart within the system.
- ✓ A Mechanism for handling operations within the system, including clearing and settlement procedures, reconciliations, and safeguards management.



**An explanation of the service intended to be provided within the activity intended to apply for a license to practice it, including:**

- ✓ The service in detail.
- ✓ Financial operations flow chart.
- ✓ Payment tools intended to be used
- ✓ The payment channels intended to be used (application, online portal, ...) and all other details.

- f. A business plan (The plan of action) for the forthcoming five years.
- g. Documents showing that persons nominated for the membership of the Board of Directors or the Senior Executive Management fulfill the criteria of relevance specified in *“Instructions Institutional Governance for Electronic Payment and Money Transfer Companies No. (10/2018)”*.
- h. Plans and programs of the Company in terms of anti-money laundering and counter-financing of terrorism in accordance with *“Instructions of Anti Money Laundering and Counter Terrorist Financing for Electronic Payments and Money Transfer Companies No. (12/2018)”*.
- i. The company mechanisms to be adopted of dealing with customers and processing their complaints, conflict resolution, considering the requirements Instructions of the Internal Procedures for Handling Consumers’ Complaints of Financial and Banking Services Providers No. (1/2017).
- j. Mechanisms to be adopted to deal with the third parties (if any) in accordance with *“Instructions of Technical and Technical External Support for electronic payments and money transfer companies No. (9/2018)”*, and *“Instructions for Dealing with the Agents of the Companies of Electronic Payment and Money Transfer Services No. (4/2018)”*.
- k. Description of operation and technological policies and procedures to be implemented on condition that they include:
  - 1) Written procedures of operation to be implemented.
  - 2) Internal control mechanisms including the administrative and accounting procedures.
  - 3) Risk management policy and business continuity plan.
  - 4) A Policy of information security and protection.

You can go back to each Instructions of *“Technical and Technological Requirements for the Electronic Payment and Money Transfer Companies No.*

(8 /2018)”, Instructions of Cyber Risks Resilience No. (26/1/1/1984), and “*Instructions Institutional Governance for Electronic Payment and Money Transfer Companies No. (10/2018)*”.

At this stage, only plans for company policies are presented, to be placed in the final version and adoption from the board of directors after obtaining initial approval.

1. Documents that prove the fulfillment of the technological and technical requirements as provided in Instructions of “*Technical and Technological Requirements for the Electronic Payment and Money Transfer Companies No. (8/2018)*”.

### ➤ **Submit the license application**

To submit the license application, many steps must be followed as mentioned below:

1. Submitting the license application according to the form specified for this purpose to oversight and supervision on national payment system department-licensing division.
2. The division makes sure that all data related to the license application is available, and identify any lack of it, If we find out the license application is incomplete, you shall have thirty days to complete it as from the date of notifying you, and in case you exceed this period, your application shall be canceled according to the provisions of article (8/a) of “*The bylaw of Electronic Payment and Money Transfer No (111) of 2017*”.
3. If the information is completed, the application is submitted to the correspondence and documentation division in Central Bank to be duly stamped.

### ➤ **What happens when we receive your application?**

Your application will be studied, the Central Bank will communicate with you through phone, E-Mail or even a meeting if needed, to guide you on any additional licensing requirements, and the period of the application study is ninety days from the date of

submitting it completed, and CBJ shall issue its decision on the license application either by denial or initial approval.

### ➤ Application Study

During the application study phase, CBJ team responsible for your application will do the following:

1. Ensure that procedures, mechanisms, description of the technology, and other information presented in the license application, comply with legislations and regulatory instructions in particular, and communicate with you continuously to provide us with additional information and requirements or to request you clarify some of the information contained in your application, it's also possible to ask you to modify if needed if it conflicts with the enforced legislation specifically.
2. Ensure that proposed persons nominated to for the membership of the board of directors or the Senior Executive Management fulfills the criteria of fit and proper specified in *"Instructions Institutional Governance for Electronic Payment and Money Transfer Companies No. (10/2018)"*.
3. Prepare a comprehensive report about the license application and providing appropriate recommendations to make the right decision whether to accept your application and grant you initial approval or reject it.



**At this stage,** you are required to pay the license application fees of (1000) JOD which specified by legislation cash or Bank cheque issued to the order of the Central Bank's Governor or Money transfers to the account specified by the Central Bank for this purpose according to the *"Instructions for Licensing Fees of Electronic Payment and Money Transfer companies no (2/2018)"*.



## SECTION 4 *Initial Approval Stage*

If CBJ board of directors' agrees to give you initial approval, its decision will be issued including the requirements and conditions necessary to obtain the final license including:

1. Full payment of the capital related to your activity in according to “*Instructions for Capital Requirements for Electronic Payment and Money Transfer Companies No. (3/2018)*”, and “*Opening branches and offices Instructions for the Electronic Payment and Money Transfer Companies No. (1 /2020)*”.
2. The Settlement Bank to be dealt with if the company's business requires that.
3. Completion of all procedures to associate the company to related parties.
4. Paying the licensing fees for the activity that you had given an initial approval to practice in accordance with “*Instructions for Licensing Fees of Electronic Payment and Money Transfer companies no (2/2018)*” as specified against each activity.
5. The names and CVs of those nominated for the general manager position as well as the Senior Management jobs, major shareholders in the company and the related parties, and the relation among them.
6. A list of equipment, programs, instruments, and real estate necessary for its business.
7. Provide the financial collaterals as stipulated in “*Collateral Instructions for the Electronic Payment and Money Transfer Companies No. (1 /2018)*”.
8. Any other requirements and conditions identified in the instructions of the Central Bank.

**Initial approval will be deemed as, de jure, canceled if the applicant does not fulfill all the requirements and conditions, within six months as from the date of receiving it, as relevant to obtain the final license unless the Central Bank approves of extending the period based on justifiable reasons.**



## SECTION 5 *Final Approval Stage*

In This stage, you are required to meet the conditions specified in your initial approval, and provide us with evidence during the period specified in particular which is (6) months, after that we will study your information and documents provided by you, and implement a field visit to company's head office and main site, disaster recovery site, to ensure that the company meets the requirements in reality, and readiness to launch its services on the live environment after granting you the final license and in accordance with the requirements specified in legislation, to prepare the necessary report for the board of directors of CBJ to grant you the final approval or reject your application.

The company is also asked to pay the license fees specified under the terms of the initial approval as specified in *“Instructions for Licensing Fees of Electronic Payment and Money Transfer companies no (2/2018)”*, also the company shall provide the collaterals that are specified also in terms of the initial approval.

The Central Bank will issue its decision for the final approval within 90 days of the completion of these requirements, where the final license is granted for unidentified period conditional not to be relinquished to others, and the company is given a letter of license addressed to the chairman/general manager duly, and here you will be required to pay the annual fees specified in *“Instructions for Licensing Fees of Electronic Payment and Money Transfer companies no (2/2018)”*.

## SECTION 6

### *The Post-licensing Stage*

After you get the final approval you can now provide the services specified in your license, here you will begin your journey of building your own customers base and promoting your services in a competitive environment with other companies that are licensed by the Central Bank.

Once you have received the license decision also, your compliance manager becomes a member of the permanent compliance function committee in the Central Bank, which consists of the Central Bank and compliance managers of electronic payment and money transfer companies, whereby the compliance manager will be contacted by the committee secretary and provide him with the committee's tasks, charter and agenda for the next meeting.

At this point, you will be able to practice the activities for which you have been licensed specified in the license decision that was handed over to you, but that does not mean that you cannot add any of the other payment services activities, but rather you can apply for the approval of the Central Bank to engage in any additional activities, if you are licensed as a payment service provider and wish to become a manager of the electronic payment system, here you are required to submit a license application to practice this activity and return to the stage of submitting the license application.

As a regulator, we look forward to your compliance with instructions and orders issued by the Central Bank, and to your participatory duty in providing fair and transparent electronic services in a manner that contributes to strengthening the national payments system and its impact on the national economy as a whole.

## Licensing Lifecycle

