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**NATIONAL PAYMENT SYSTEM
(ELECTRONIC PAYMENT SERVICE PROVIDERS)
REGULATIONS, 2024**

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National Payment System Act, 2024

Act 2021-1

**NATIONAL PAYMENT SYSTEM
(ELECTRONIC PAYMENT SERVICE PROVIDERS)
REGULATIONS, 2024**

The Central Bank, in accordance with the powers conferred on it by section 62 of the *National Payment System Act, 2024*, makes the following Regulations:

Citation

1. These Regulations may be cited as the *National Payment System (Electronic Payment Service Providers) Regulations, 2024*.

Definitions

2. In these Regulations,
 - “aggregate monthly load limit” means the total amount of credit transferred into an electronic payment account held by a user over the period of a calendar month;
 - “business of an electronic payment service provider” means the business of facilitating electronic payments and includes operational services of the electronic payment provider;
 - “custodian account” means a special purpose account or pooled account held for the licensee by a financial institution, society or other entity approved by the Central Bank where
 - (a) the users of the account are the beneficiaries; and

- (b) the funds of such users are pooled for the purpose of settlement and management of the payment services that the electronic payment service provider agrees to provide to its users;

“e-wallet” means an electronic device, online service or computerised software application that allows a user to utilize a payment service;

“electronic payment account” means an account that is used for the transfer of electronic money;

“electronic payment service provider” means a payment service provider who

- (a) provides a payment service in an electronic form; or
- (b) issues a payment card or payment instrument;

“interoperability” means the set of arrangements, procedures and standards that allow users of an electronic payment service provider to effect payments or the transfer of funds to users of another electronic payment service provider;

“merchant” means a person who accepts a payment service or payment instrument in exchange for goods or services;

“merchant agreement” means an agreement that

- (a) governs the relationship between a merchant and an electronic service provider; and
- (b) provides the rights, responsibilities, obligations and liabilities of merchants and users in relation to payment services or payment instruments issued by the electronic service provider;

“user” means a person who utilises an electronic payment service or payment instrument to obtain goods and services or otherwise transacts business and includes a consumer.

Register of electronic payment service providers

3.(1) The Central Bank shall maintain a register of all electronic payment service providers.

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- (2) The register shall contain the following information:
- (a) the date the licence was issued or the date on which the payment service provider was authorised, as the case may be, by the Central Bank;
 - (b) the name, registered office and head office of the electronic payment service provider;
 - (c) the location of the electronic payment service provider and its contact details;
 - (d) the names of the persons managing and representing the electronic payment service provider;
 - (e) the services and activities for which the electronic payment service provider was licensed or authorised; and
 - (f) the date on which the Central Bank suspended or revoked the licence of the electronic payment service provider or the date on which the electronic payment service provider ceased to carry on business.
- (3) The Central Bank shall
- (a) publish the list of electronic payment service providers referred to in paragraph (1) on the Central Bank's website; and
 - (b) update the register on a regular basis.

Aggregate monthly load limits

- 4.(1) An electronic payment account issued by an electronic payment service provider shall be subject to an individual transaction limit and such aggregate monthly load limits as agreed to by the Central Bank.
- (2) An individual transaction or aggregate monthly load limits may be agreed
- (a) as a condition of a licence; or
 - (b) in a manner otherwise directed by the Central Bank.

(3) Notwithstanding paragraph (2), the Central Bank may approve higher limits for specific categories of electronic payment accounts.

(4) In the case of e-wallets, where an electronic payment service provider issues more than one electronic payment account to the e-wallet of a user, the total amount loaded into all the electronic payment accounts of that user shall not exceed the aggregate monthly load limit.

Liquid asset requirements

5.(1) An electronic payment service provider who issues e-wallets and stored value cards shall maintain liquid assets equal to the amount of the outstanding value in e-wallets and stored value cards.

(2) The liquid assets referred to in paragraph (1) shall remain unencumbered and may take the form of

(a) balances in custodian accounts held at financial institutions or societies approved by the Central Bank, provided that such balances shall be held separately from balances relating to any other operations of the electronic payment service provider or any other entity approved by the Central Bank in accordance with regulation 12(1); or

(b) any other liquid asset determined by the Central Bank.

(3) An electronic payment service provider shall daily reconcile the liquid assets it holds for the redemption of an electronic payment with the outstanding amount of electronic payment no later than 3 p.m. on any given business day.

(4) Where there is any deficiency in the amount of liquid assets held, an electronic payment service provider shall

(a) rectify the deficiency by the close of business on the same day the deficiency is discovered; and

(b) make a report to the Central Bank by 10 a.m. on the day following the discovery of such deficiency.

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- (5) A report made under paragraph (4) shall
- (a) outline the amount of the deficiency;
 - (b) describe how the deficiency arose; and
 - (c) describe how the deficiency was rectified.
- (6) In the interest of protecting users, the Central Bank may require an electronic payment service provider to keep its liquid assets in more than one approved financial institution or society.
- (7) An electronic payment service provider shall at any time make available for inspection by the Central Bank or any person authorised in writing by the Central Bank all records and reconciliations relating to the liquid assets referred to in paragraph (1).

Interest

6. No interest or any other financial return shall be paid on an electronic payment account.

Lending and investment activities

7. Unless approved by the Central Bank, no electronic payment service provider other than a financial institution or society shall engage in any lending or investment activity.

Minimum standards for payment cards

- 8.(1) An electronic payment service provider who issues payment cards shall observe the following minimum standards:
- (a) ensure that full track data, card verification codes or PIN block data is not retained;
 - (b) properly protect stored cardholder data;
 - (c) provide secure authentication features;

- (d) log payment application activity;
 - (e) develop secure payment applications;
 - (f) ensure that wireless transmissions can occur in a secure manner;
 - (g) regularly test payment applications to address vulnerabilities and establish a framework and procedures for a timely resolution of any vulnerabilities;
 - (h) facilitate secure remote access to payment applications;
 - (i) encrypt traffic over public networks; and
 - (j) provide information and promote awareness with respect to these standards for employees, merchants and users.
- (2) An electronic payment service provider shall provide reports to the Central Bank in relation to the observance of the standards referred to in paragraph (1).
- (3) A violation of any of the standards referred to in paragraph (1) or a breach of the electronic payment service provider's systems shall be reported to the Central Bank within 48 hours, or such other time as may be permitted by the Central Bank, of the discovery of the violation or breach.

E-wallets and stored value cards

9. Any funds stored in an e-wallet or on a stored value card shall be redeemed at the nominal value of the amount placed on the wallet or card net of any charges incurred thereon.

Written agreements

- 10.(1)** An electronic payment service provider shall enter into a written agreement with a user for whom it opens an electronic payment account.
- (2) The agreement referred to at paragraph (1) shall
- (a) be in accordance with the *Data Protection Act, 2019* (Act 2019-29); and

- (b) among other matters, clearly identify
 - (i) the electronic payment service provider who is responsible to the user; and
 - (ii) the name of the payment service provider, where the process utilized by the electronic payment account is operated by a person other than the electronic payment service provider.

Changes to payment service

11.(1) An electronic payment service provider who intends to make a substantial change or enhancement to a payment service shall

- (a) notify the Central Bank in writing 60 days prior to the proposed implementation of the change or enhancement; and
 - (b) obtain in writing the approval of the Central Bank.
- (2) For the purposes of this regulation, “substantial change” means a change or enhancement that will significantly expand or reduce the scope or change the nature of a payment service, payment instrument or payment card including any matters relating to functionality.

Custodian accounts

12.(1) An electronic payment service provider shall

- (a) open and operate a custodian account at a financial institution, society or any other entity approved by the Central Bank;
- (b) deposit funds collected from users and funds being held on behalf of merchants into a custodian account;
- (c) sign an agreement with the custodian institution;
- (d) submit a letter to the Central Bank from the custodian institution confirming the undertaking of the custodian institution to fulfil the relevant responsibilities in these Regulations together with a copy of the signed agreement;

- (e) clearly identify the set of accounts related to each custodian account maintained with one or more custodian institutions;
- (f) maintain the aggregate of unused balances from sums collected from or on behalf of users in the custodian account at all times;
- (g) deposit sums collected from or on behalf of users within a maximum of one business day and hold such sums separately from other funds in the custodian account;
- (h) monitor and supervise the activities of the users and merchants to ensure that they are operating in accordance with the Act and these Regulations;
- (i) report suspicious and unusual transactions of users to the Financial Intelligence Unit based on the anti-money laundering and counter financing of terrorism guidelines issued by the Central Bank and all relevant authorities;
- (j) strictly comply with relevant reporting requirements relating to suspicious transactions;
- (k) ensure that funds in the custodian account are only used to effect transactions on behalf of a user, where the transactions will be limited to
 - (i) settlement of obligations arising from transactions of the user including, settlement of transactions via other payment systems;
 - (ii) withdrawal of funds by a user; and
 - (iii) settlement of credits and debits to the custodian account to effect changes in the cumulative sum of user account balances;
- (l) not use funds in the custodian account as security or collateral at any time;

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- (m) have no claim to the funds lying in the custodian account in the case of insolvency or cessation of business of the electronic payment service provider;
 - (n) open and maintain separate pre-funded accounts for each user;
 - (o) make available a statement of an account to a user, electronically or in printed form, periodically or upon request, at a reasonable fee, if any;
 - (p) refund the remaining balance on the account to a user no later than 3 business days, subject to any additional time required for any regulatory approval, from the date that a request is made and the following shall apply:
 - (i) such refunds are to be made without any additional cost other than what is necessary to complete the transaction; and
 - (ii) the user shall be notified with written confirmation by the electronic payment service provider after the completion of the process for closing the account; and
 - (q) submit periodic reports and provide access to the system, as and when requested by Central Bank, in order to monitor balances and other relevant information of users;
- (2) The Central Bank or such other person authorised by the Central Bank shall assume responsibility for a custodian account referred to under paragraph (1) where an electronic payment service provider becomes insolvent or ceases business.
- (3) A custodian account may qualify for deposit insurance in accordance with the provisions of the *Deposit Insurance Act*, Cap. 323.

Responsibilities of custodian institutions

- 13.** A custodian institution shall
- (a) ensure that interest earned on balances held on a custodian account is credited to a separate account for the benefit of an electronic payment service provider;
 - (b) provide an electronic payment service provider with the ability to electronically
 - (i) extract transaction information on an account; and
 - (ii) request reports on an account;
 - (c) report the deposits in a custodian account as part of its deposit liabilities;
 - (d) cooperate with the Central Bank to facilitate the timely disbursement of funds to users from the custodian account of the electronic payment service provider where there is disruption or closure of the operation of the electronic payment service provider; and
 - (e) ensure that the funds held in a custodian account are blocked and disbursed only with the agreement of the Central Bank in the case of the suspension or revocation of a licence.

Agents

- 14.(1)** An electronic payment service provider may appoint an agent to act on its behalf.
- (2) Where an agent is appointed pursuant to paragraph (1), the electronic payment service provider shall provide the following information to the Central Bank:
- (a) the procedure for the recruitment of agents;
 - (b) the proposed geographic location of the agents;

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- (c) a copy of the proposed agency agreement;
 - (d) the policies and procedures approved by the electronic payment service provider for the provision of services through agents, including anti-money laundering controls to be implemented by agents in accordance with the *Money Laundering and Financing of Terrorism (Prevention and Control) Act* (Act 2011-23);
 - (e) a description of the technology to be used for the delivery of agency services;
 - (f) a risk assessment report of the provision of services through agents including the control measures that will be applied to mitigate the risks;
 - (g) the security measures to be adopted for the premises of an agent;
 - (h) the manual or any other materials used or to be used in the training of agents; and
 - (i) any other matter required to be submitted pursuant to the Act or requested by the Central Bank.
- (3) Notwithstanding paragraph (2), the Central Bank shall reserve the right to object to the appointment of an agent to act on the behalf of an electronic payment service provider.
- (4) The Central Bank may, by notice in writing, instruct an electronic payment service provider to desist from proceeding or continuing with the provision of services through an agent if the information provided to the Central Bank by the electronic payment service provider
- (a) is false;
 - (b) is misleading;
 - (c) fails to inform the Central Bank that there is a material change or misstatement in the information provided; or
 - (d) indicates that an electronic payment service provider will be in breach of these Regulations or any enactment.

(5) Where the Central Bank has instructed an electronic payment service provider to desist from proceeding or continuing with the provision of services through an agent, the Central Bank

- (a) shall provide reasons for its decision made pursuant to paragraph (4); and
- (b) may afford the electronic payment service provider an opportunity to amend and resubmit its application to appoint an agent or continue with the services of an agent.

Merchant agreements

15.(1) An electronic payment service provider shall enter into appropriate merchant agreements to address the rights, responsibilities and obligations of merchants and users in relation to payment services, payment instruments offered by the electronic payment service provider.

(2) Where a merchant enters into a merchant agreement with an electronic payment service provider, the electronic payment service provider shall ensure that the merchant is properly on-boarded in conformity with its Know Your Customer and anti-money laundering processes.

(3) For the purpose of paragraph (2), an electronic payment service provider shall ensure that a merchant is trained and provided with the relevant information and material relating to its Know Your Customer and anti-money laundering processes.

Disclosure

16.(1) An electronic payment service provider shall disclose in writing to a user the following information relating to an electronic payment account:

- (a) a condition that an electronic payment may be redeemed at any time at nominal value;

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- (b) the fees, if any, applicable to
 - (i) the use of the payment service and payment instrument; and
 - (ii) balance enquiries;
 - (c) the conditions, if any, applicable to the use of a payment service and payment instrument;
 - (d) a condition that electronic payment services, payment cards or payment instruments
 - (i) shall not earn interest;
 - (ii) are not savings accounts or other investment instruments; and
 - (iii) may be subject to reward points or other incentives;
 - (e) that funds used in an electronic payment which are not backed by or originated from an account with a deposit insurance member are not considered deposits and not subject to any deposit insurance;
 - (f) a statement of the user care procedures for complaints and the relevant details for the electronic payment service provider.
- (2) An electronic payment service provider shall, upon request from a user, provide the user in writing with
- (a) the balance remaining in his or its electronic payment account; and
 - (b) a statement of transactions for the previous 30 days or for such other period, not exceeding 60 days, as may be requested by the user.
- (3) An electronic payment service provider shall publish the current fees referred to in paragraph (1) in promotional literature and on the electronic payment provider's website or social media accounts.

User care system

17.(1) An electronic payment service provider shall, within 6 months after commencing business as an electronic payment service provider, establish a user care system to address the complaints of users.

(2) Prior to the establishment of a user care system, an electronic payment service provider shall

- (a) provide adequate means for a user to file a complaint; and
- (b) address a complaint within a period of 21 days from the date of receipt of the complaint.

(3) An electronic payment service provider shall provide easily understood information about the user care system, including the user care contact number at its head office, branches and premises of agents.

Complaint handling processes

18.(1) An electronic payment service provider shall establish

- (a) complaint handling processes to provide users with sufficient information to facilitate the handling and resolution of a dispute; and
- (b) the means for a user to inquire on the progress of a complaint.

(2) For the purpose of paragraph (1), complaint handling processes may include a complaint reference number or other identifiers in order to facilitate timely and accurate responses to subsequent inquiries by users.

(3) An electronic payment service provider shall advise a user of

- (a) the outcome of the investigation of the complaint; and
- (b) any resulting decision by the electronic payment service provider.

(4) All complaint handling processes shall be provided free of charge.

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- (5) An electronic payment service provider shall
- (a) make adequate provision to ensure that any person with disabilities is able to access its complaint handling processes, including ensuring that such users can be easily represented by their authorised representatives in order to make a complaint; and
 - (b) provide reasonable assistance to a user who requests assistance in lodging a complaint.

Made by the for Governor this 19th day of September, 2024.

ALWYN JORDAN

for Governor

Central Bank of Barbados