

**S.I. 128 of 2022**

NATIONAL PAYMENT SYSTEM ACT, 2014

*(Act 14 of 2014)*

**National Payment System (Electronic Money) Regulations, 2022**

**Arrangement of Regulations**

**Regulations**

1. Citation
2. Interpretation
3. Authorised activities
4. Prohibitions
5. Capital requirements
6. Liquidity requirements
7. Additional requirements for electronic money
8. Issuance of electronic money and redeemability
9. Interest requirements
10. Transaction limits
11. Agents and class of agents
12. Abandoned property
13. Technical requirements and data protection and privacy
14. Interoperability
15. Consumer protection
16. Audit and Accounting
17. Reporting
18. Notification requirements
19. Compliance requirements
20. Transitional provisions

**S.I. 128 of 2022**

## NATIONAL PAYMENT SYSTEM ACT, 2014

*(Act 14 of 2014)***National Payment System (Electronic Money) Regulations, 2022**

In exercise of the powers conferred by section 42(1) of the National Payment System Act, 2014 the Central Bank makes the following Regulations —

**Citation**

1. These Regulations may be cited as the National Payment System (Electronic Money) Regulations, 2022.

**Interpretation**

2. In these Regulations unless the context otherwise requires —

“abandoned property” means —

- (a) in respect of an electronic money issuer which is a bank, the same meaning as assigned to it in section 59 of the Financial Institutions Act Cap.79;
- (b) in respect of an electronic money issuer which is a credit union, the same meaning as assigned to it in section 37(1) and (2) of the Credit Union Cap. 259;
- (c) in respect of any other electronic money issuer, electronic money held in an electronic money account which has not registered a transaction for a consecutive period of 5 years;

“Act” means the National Payment System Act, 2014;

“agent” shall have the same meaning as assigned to it in section 2 of the Act;

“cash-in” means the process by which a customer exchanges funds for electronic money of equal value credited to the customer's electronic money account ;

“cash-out” means the process by which a customer exchanges electronic money debited from the customer's electronic money account for funds;

“close links” means a person who has close links with an electronic money issuer if that person is —

- (a) a holding company of the electronic money issuer;
- (b) a subsidiary of the electronic money issuer;
- (c) a holding company of a subsidiary of the electronic money issuer; or
- (d) a subsidiary of a holding company of the electronic money issuer;

“custodian account” means an account maintained by an electronic money issuer pursuant to regulation 7(1);

“customer” means a person to whom electronic money has been issued and who uses the electronic money to make payments for goods and services;

“customer funds” means the funds maintained in the custodian account;

“electronic float” means the total outstanding electronic money liabilities of the electronic money issuer to the electronic money holders;

“electronic money” shall have the same meaning as assigned to it in section 2 of the Act;

“electronic money account” means the account held by an electronic money holder with an electronic money issuer for conducting electronic money transactions;

“electronic money holder” means a person who has a claim on an electronic money issuer for electronic money issued by the electronic money issuer;

“electronic money issuer” means a person licensed as a payment service provider or approved by the Central Bank to issue electronic money;

“electronic money platform” means the electronic money operating systems, networks, servers, agreements and technical standards and rules;

“interoperability” means the ability of a system, product or service to work in conjunction with other systems, products or services, without any intervention from the customer;

“merchant” means a person, natural or corporate, that accepts electronic money as payment for goods and services.

### **Authorised activities**

**3.** An electronic money issuer may engage in the following activities subject to such other applicable requirements as may be required —

- (a) issuance of electronic money;
- (b) distribution of electronic money;
- (c) redemption of electronic money;
- (d) transfer of electronic money;
- (e) distribution of airtime, data and other telecommunication services;

- (f) execution of payment transactions through the use of electronic money;
- (g) other payment services; and
- (h) any other activities or services permitted by the Central Bank.

### **Prohibitions**

4.(1) An electronic money issuer shall not —

- (a) issue electronic money at a discount;
- (b) co-mingle the funds of the customers with any other electronic money issuer, entity or person, including own funds of the electronic money issuer;
- (c) use the electronic money platform to conduct any acts or omissions that constitutes an offence punishable under the laws of Seychelles; or
- (d) allow the use of airtime to make payment transactions.

(2) A merchant or an agent shall not use its merchant or agent electronic money account to make payments for the purchase of goods and services.

(3) For the purpose of these Regulations, electronic money does not include —

- (a) monetary value stored on instruments that can be used to acquire goods or services only —
  - (i) in or on the electronic money issuer's premises including prepaid cards used in specific merchant stores; or

- (ii) under a commercial agreement with the electronic money issuer, either within a limited network of services providers or for a limited range of goods or services;
- (b) monetary value that is issued to make payment transactions executed by means of any telecommunication, digital or Information Technology (IT) devices, where the goods or services purchased are delivered to and are to be used through a telecommunication, digital or IT devices, provided that the telecommunication, digital or IT operator does not act only as the intermediary between the payment service user and the supplier of the goods and services.

(4) The receipt of funds by an electronic money issuer from a customer shall not constitute the taking of a deposit or other repayable funds within the meaning of section 2 of the Financial Institutions Act.

### **Capital requirements**

5.(1) An electronic money issuer shall hold unimpaired initial capital of not less than SCR1,000,000.00.

(2) For the purpose of sub-regulation (1), “initial capital” comprises —

- (a) paid up capital, including share premium accounts but excluding amounts arising in respect of cumulative preference shares;
- (b) reserves other than revaluation reserves; and
- (c) profit or loss brought forward as a result of the application of the final profit or loss.

(3) An electronic money issuer shall hold ongoing capital of not less than —

- (a) the amount of the initial capital specified in sub-regulation (1); or
- (b) 2% per cent of the average outstanding electronic float calculated over the previous 6 months of the financial year whichever is greater.

(4) Notwithstanding sub-regulations (1) and (3), the Central Bank may require an electronic money issuer to maintain a higher capital taking into account the size, nature and risk of the electronic money issuer's operations.

(5) An electronic money issuer in operation at the coming into effect of these Regulations and which does not meet the capital requirements in sub-regulation (3) shall increase its capital to the prescribed level not later than 1 year from the date of coming into force of these Regulations.

(6) An electronic money issuer that fails to maintain the capital requirement under this regulation, shall submit to the Central Bank for approval, a plan on how it intends to restore its capital to the required level.

(7) A deficiency in capital shall be rectified within such period as the Central Bank may specify in granting an approval under sub-regulation (6).

### **Liquidity requirements**

6.(1) An electronic money issuer, other than a bank, shall, at a minimum, maintain liquid assets equal to the value of its electronic float.

(2) The liquid assets required to be maintained under sub-regulation (1) shall remain unencumbered and may take the form of cash or near cash instruments.

(3) For the purpose of sub-regulation (2), “near cash instruments” comprises —

- (a) treasury bills and other securities issued by the Government or Central Bank maturing within 365 days;
- (b) balances with banks or credit unions;
- (c) balances with banks abroad; and
- (d) balances with Central Bank excluding minimum reserve requirements.

(4) An electronic money issuer which is a bank, shall include electronic money balances in the calculation of its statutory reserve requirement and liquidity requirement.

(5) An electronic money issuer shall maintain separate bank or credit union accounts, in respect of funds held for the purpose of sub regulation (1)

(6) An electronic money issuer shall make available for inspection by the Central Bank, at any time, records pertaining to the liquid assets.

(7) An electronic money issuer shall, on the 15<sup>th</sup> day from the end of every quarter, report to the Central Bank, the liquid assets held by the electronic money issuer as reconciled against the amount of electronic float.

### **Additional requirements for electronic money**

7.(1) An electronic money issuer shall open an account at two or more banks or credit unions for the purpose of safeguarding funds received in exchange for electronic money.

- (2) An electronic money issuer shall ensure that —
  - (a) customer funds are traceable; and
  - (b) there are reconciliation mechanisms in place to guarantee,

on a daily basis, full reconciliation between the customer funds and the electronic float.

(3) The monetary value of customer funds of an electronic money issuer shall be held in pooled accounts.

(4) An electronic money issuer shall not place more than 50% of the total of customer funds in a single bank or credit union.

(5) Customer funds shall —

- (a) not form part of the assets available for distribution by the receiver or liquidator of an electronic money issuer; and
- (b) in an event of a liquidation or receivership of the electronic money issuer, the funds shall be paid in full to the customers.

(6) An electronic money issuer shall submit to the Central Bank, a signed copy of its custodian account agreement.

(7) An electronic money issuer shall, 30 calendar days in advance, give notice to the Central Bank of any changes in the safeguarding arrangements stipulated by these Regulations.

(8) Customer funds shall be available on demand to meet requests from customers for redemption of the monetary value of electronic money.

(9) Customer funds shall only be used to fund electronic money holder and agent transactions, including redemptions or other transactions that result in a net reduction in the value of the electronic float.

(10) An electronic money issuer shall, on a daily basis, reconcile the custodian account balances with the electronic float and shall rectify any deficiencies by end of the next business day.

(11) An electronic money issuer shall report to the Central Bank, by

end of the following business day, any deficiencies in the reconciliation undertaken pursuant to sub-regulation (10) and the report shall state —

- (a) the amount of the deficiency;
- (b) how the deficiency arose; and
- (c) how the deficiency has been rectified.

(12) A custodian account shall be audited annually as part of the annual independent audit of an electronic money issuer's accounts.

(13) A bank or credit union at which a custodian account is maintained shall submit to the Central Bank such information relating to the custodian account as the Central Bank may request.

(14) The Central Bank may, with reasons in writing, in the interest of protecting electronic money holders, require an electronic money issuer to close a custodian account.

### **Issuance of electronic money and redeemability**

**8.(1)** An electronic money issuer shall at the request of a customer, redeem —

- (a) at any time; and
- (b) at par value,

the monetary value of the electronic money held.

(2) Redemption may be subject to a fee or charge only where the fee or charge is stated in the contract between the electronic money issuer and the customer.

(3) The redemption rights of a person other than a customer shall be subject to the contract between that person and the electronic money issuer.

## Interest requirements

9.(1) A custodian account shall not bear interest unless otherwise approved by the Central Bank, upon written request of an electronic money issuer and the request shall be accompanied by a detailed description of the mechanisms to be established for the distribution of the interest to customers.

(2) The Central Bank may approve a request under sub-regulation (1), if it is satisfied as to —

- (a) the efficiency and effectiveness of the system and mechanisms to be established for; and
- (b) the equitability and fairness of the distribution of interest being proposed.

(3) Interest earned on a custodian account shall be paid into a separate account, held in the same name as the custodian account.

(4) No funds shall be withdrawn from the interest account except for the purpose of distributing interest.

(5) The interest rate on a custodian account shall be an amount between the floor and ceiling rate of the bank or credit union's savings accounts.

(6) An electronic money issuer shall submit a return on the 15<sup>th</sup> day of every month to the Central Bank showing in relation to the custodian and interest accounts —

- (a) interest earned;
- (b) reconciliations;
- (c) disbursements; and
- (d) such other information as the Central Bank may determine.

(7) Any person who uses the interest earned on a custodian account for any purpose other than that permitted under this regulation, commits an offence and upon conviction is liable to a fine pursuant to the Act.

### **Transaction limits**

**10.** An electronic money issuer shall, subject to the approval of the Central Bank, establish limits for each type of financial transaction it will process.

### **Agents and class of agents**

**11.(1)** An electronic money issuer may appoint agents to provide any or all approved electronic money services on its behalf.

(2) An electronic money issuer shall be responsible for the conduct of its agents, who shall execute any or all of the services under the authority of the electronic money issuer.

(3) An agency agreement between an electronic money issuer and an agent shall —

- (a) provide for non-exclusive use of an agent;
- (b) provide for compliance to anti-money laundering and counter financing of terrorism laws;
- (c) provide for consumer protection mechanisms;
- (d) provide a description of the technology to be used for delivering agency services;
- (e) provide for a risk assessment report of the provision of services including the control measures that will be applied to mitigate the risks; and
- (f) include any other requirements that the Central Bank may determine.

(4) A signed copy of the agency agreement and any subsequent amendment to the agreement shall be submitted to the Central Bank within 15 calendar days of its signature or amendment.

(5) An electronic money issuer shall carry out due diligence and suitability assessments of an agent by obtaining the following documents and information —

- (a) in the case of an individual, copy of identity card or passport;
- (b) in the case of a company —
  - (i) copy of certificate of registration or incorporation;
  - (ii) copy of memorandum and articles of association;
  - (iii) board approval to participate in the electronic money agency agreement; and
  - (iv) the physical address of its head office and a list of its branches, agencies, or kiosks if applicable.

(6) An electronic money issuer shall assign each of its agent with a unique identification number.

(7) An electronic money issuer shall keep and maintain a register of agents and the register shall contain, with respect to each agent —

- (a) in the case of an individual, the individual's full name, address, telephone number, email address and unique identification number;
- (b) in the case of a company, the company's full name, business address, telephone number, email address and unique identification number.

(8) When the appointment of an agent is terminated, an electronic money issuer shall notify the Central Bank of the termination within 15 days of the effective date of the termination.

(9) An electronic money issuer shall submit a copy of its register to the Central Bank within 15 days from the end of every calendar year.

(10) An electronic money issuer shall ensure that its agents —

- (a) when registering new customers, perform the relevant Know Your Customer and Customer Due Diligence requirements;
- (b) display tariffs and charges as provided by the electronic money issuer as well as agent identification number and customer service numbers in a conspicuous place; and
- (c) do not charge any additional fees or charges to customers above those specified by the electronic money issuer.

(11) The Central Bank may remove an agent from its register and request an electronic money issuer to remove an agent from its register, if the Central Bank has —

- (a) received and verified adverse information in relation to the fitness and propriety of an agent;
- (b) reason to believe that the electronic money issuer has not carried out proper due diligence on the agent;
- (c) reasonable grounds to suspect that —
  - (i) the agent, in providing the services on behalf of the electronic money issuer, is involved in money laundering or terrorist financing; or
  - (ii) the risk of such activities in subparagraph (i) taking place would be increased through the continued employment of the agent.

(12) An agent appointed under these Regulations may provide services to multiple electronic money issuers, provided that —

- (a) it has a separate agency agreement with each electronic money issuer; and
- (b) it has the capacity to manage the transactions for the different electronic money issuers.

(13) Where the Central Bank suspends or revokes the payment service provider licence or approval of an electronic money issuer, all its agents shall immediately cease to provide services on behalf of the electronic money issuer.

(14) An electronic money issuer shall maintain systems, policies and procedures, including risk management policies, to exercise effective internal control over the provision of services by agents.

(15) An electronic money issuer shall provide appropriate training to its agents, on —

- (a) the use of the electronic money system for conducting all agent activities or services;
- (b) customer due diligence that adequately covers anti-money laundering and terrorist financing;
- (c) Know Your Customer requirements;
- (d) customer support and education; and
- (e) handling of customer complaints.

(16) The Central Bank may at any time inspect the books and accounts of an agent.

(17) An electronic money issuer may appoint any class of agent as it deems fit subject to meeting the requirements and conditions under these Regulations.

### **Abandoned property**

12.(1) An electronic money issuer shall treat abandoned property as follows —

- (a) in the case of a bank, in accordance with Part VI of the Financial Institutions Act, 2004;
- (b) in the case a credit union, in accordance with section 37 of the Credit Union Act, 2009; and
- (c) in the case of electronic money issuer, in accordance with these Regulations.

(2) An electronic money issuer shall publish in at least one local newspaper, the name of the electronic money holder and particulars of abandoned property and shall dispatch by registered post or through electronic means, a notice, to the electronic money holder, at its last known address containing particulars of the property.

(3) Where abandoned property remains unclaimed after a period of 30 calendar days from the publication date stipulated under sub regulation (2), the electronic money issuer shall, transfer the monetary value of the abandoned property to the Central Bank in a special account established for that purpose, accompanied with a report that contains the amount and nature of the property in such form as the Central Bank may determine.

(4) An electronic money issuer shall retain records of funds transferred to the Central Bank pursuant to sub-regulation (3), for a minimum period of 7 years.

(5) Any person who, to the satisfaction of the Central Bank, furnishes proof of ownership of abandoned property is, subject to any terms, conditions or restrictions imposed in respect of that abandoned property by or under any written law, entitled to the repayment of the funds by the Central Bank.

### **Technical requirements and data protection and privacy**

13.(1) An electronic money issuer shall ensure that agent-based

transactions are settled in real time against a pre-funded account held by the agent.

(2) An electronic money issuer shall ensure that the following minimum systems and controls are in place —

- (a) valid third-party certification from a reputable certification authority or body on compliance status with ISO standards at all times;
- (b) appropriate, robust and tested technology systems;
- (c) appropriate and robust security policies and measures intended to safeguard the integrity, authenticity and confidentiality of data and operating processes;
- (d) an adequate and robust business continuity and disaster recovery plan; and
- (e) an effective audit function to provide periodic review of the security control environment and critical systems.

(3) An electronic money issuer shall ensure that the system referred to under sub-regulation (2) is capable of maintaining a complete audit log of all user activities, to facilitate detection of errors, fraud and tempering incidences.

(4) An electronic money issuer shall deploy and adopt appropriate systems that —

- (a) are proportionate with the nature and complexity of the electronic money issuer's design, architecture and platform; and
- (b) are accompanied by procedural safeguards to detect and protect against fraud and hacking.

### **Interoperability**

**14.** An electronic money issuer shall ensure that the technology and

systems it uses to effect electronic money transactions are capable of becoming interoperable with other payment systems in Seychelles and internationally.

### **Consumer protection**

**15.** An electronic money issuer shall comply with the Financial Consumer Protection Act, 2022.

### **Audit and accounting**

**16.(1)** An electronic money issuer shall adopt International Financial Reporting Standards and International Accounting Standards (IFRS) issued or adopted by the International Accounting Standards Board (IASB) for the purpose of the issuer's external financial reporting.

(2) An electronic money issuer shall, annually, appoint an auditor to audit its accounts and such appointment shall be subject to the approval of the Central Bank.

(3) An auditor shall be independent and have the required experience and capability, as the case may be, to audit —

- (a) banks;
- (b) credit unions; and
- (c) electronic money issuers.

(4) An electronic money issuer shall not appoint the same auditor for a continuous period of more than 5 years without an exemption granted by the Central Bank.

(5) The Central Bank may appoint an auditor, at the expense of the electronic money issuer —

- (a) if an electronic money issuer fails to appoint an auditor satisfactory to the Central Bank; or

- (b) to conduct a special audit relating to the operations of the electronic money issuer, including information technology audits of the electronic money systems.

(6) The duties of an auditor appointed under these Regulations shall include *inter alia* —

- (a) to submit audit information and reports to the electronic money issuer;
- (b) to verify whether fiduciary duties are being administered in accordance with the law.

(7) An auditor shall, in any of the circumstances referred to under sub-regulation (8), communicate to the Central Bank information on, or its opinion on, matters —

- (a) of which it has become aware in its capacity as an auditor of an electronic money issuer or of a person with close links to an electronic money issuer; and
- (b) which relates to services provided by the electronic money issuer.

(8) The circumstances are that —

- (a) the auditor reasonably believes that —
  - (i) there is or has been, or may be or may have been, a contravention of any requirement imposed on the electronic money issuer by these Regulations, the Act and other applicable laws; and
  - (ii) the contravention may be of material significance to the Central Bank in determining whether to exercise, in relation to that electronic money issuer, any functions conferred on the Central Bank by the Act and these Regulations;

- (b) the auditor reasonably believes that the information on, or the auditor's opinion on, those matters may be of material significance to the Central Bank in determining whether the electronic money issuer meets or will continue to meet the conditions set out in the capital requirement to maintain its own funds;
- (c) the auditor reasonably believes that the electronic money issuer is not, may not be or may cease to be, a going concern;
- (d) the auditor is precluded from stating in the auditor's report that the annual accounts have been properly prepared; and
- (e) the auditor is precluded from stating in the auditor's report, where applicable, that the annual accounts give a true and fair view.

(9) An electronic money issuer shall submit to the Central Bank, a copy of its audited report together with a copy of the annual financial statements not later than 30 days after it becomes available, and within 4 months after the end of the financial year.

## Reporting

17. An electronic money issuer shall submit, in such form as the Central Bank may, determine —

- (a) monthly statistical report on the operation of its electronic money platform by the 15<sup>th</sup> day of every month which shall include the information contained in the schedule;
- (b) reports on the cumulative interest amount earned on the bank or credit union account which hold customer funds and its reconciliation;
- (c) daily report on foreign transactions in cash; and

- (d) daily reports on retail exchange rates and foreign exchange balance.

### **Notification requirements**

**18.(1)** An electronic money issuer shall notify the Central Bank, and give details in writing, of the occurrence of any of the following matters —

- (a) changes in the electronic delivery mechanisms used for electronic money services;
- (b) introduction of new services offered on the system;
- (c) change in ownership of the electronic money issuer involving acquisition or disposing of more than 10% shares in the business;
- (d) merger and acquisition of two or more electronic money issuers;
- (e) notable changes in the size of agent network;
- (f) any loss of confidential data.

(2) The notification under sub-regulation (1) shall be provided at least 30 calendar days before any such occurrences.

(3) The Central Bank shall respond to the notification within 30 calendar days of receipt of the notification.

(4) An electronic money issuer shall notify the Central Bank in writing at least 60 days before ceasing or suspending operations as an electronic money issuer.

### **Compliance requirements**

**19.(1)** An electronic money issuer shall ensure that all its employees and agents are adequately trained on anti-money laundering and prevention of terrorism requirements.

(2) An electronic money issuer shall, on a regular basis conduct anti-money laundering and counter-financing of terrorism activities risk assessment and submit a report to the Central Bank and the Financial Intelligence Unit.

(3) An electronic money issuer shall ensure that complete end-to-end electronic audit trails are in place that provide a complete and total record of all transactions conducted, including those effected by third party service providers.

(4) An electronic money issuer shall report to the Central Bank any suspected fraud relating to the electronic money service, any security breaches, material service interruption or other significant issues that may affect the safety and efficiency of the electronic money service.

### **Transitional provision**

**20.** An electronic money issuer in operation before the coming into force of these Regulations shall comply with the provisions of these Regulations within six months from the coming into force of these Regulations.

## **SCHEDULE**

*[Regulation 17(a)]*

### **STATISTICAL REPORT INFORMATION**

- (i) electronic money balances;
- (ii) total number of registered accounts;
- (iii) total number of active accounts;
- (iv) total number of newly registered accounts;
- (v) total number of inactive and dormant accounts with the associated unclaimed funds;
- (vi) total number of registered agents and their location;
- (vii) total number of active agents and their location;
- (viii) total number of dormant agents and their location;

- (ix) total value and volume of electronic money transactions;
- (x) total number of incidents of fraud, theft and robbery including at the agents, which shall include the source of discovery, nature of incident, reasons, value of maximum exposure and other remarks, if any;
- (xi) total number of service interruptions, system downtime and security breaches, which shall include the source of discovery, nature of incident, reasons, value of maximum exposure and other remarks, if any;
- (xii) total volume and value of person to person payments;
- (xiii) total volume and value of person to business payments;
- (xiv) total volume and value of person to government payments;
- (xv) total volume and value of business or government to person payments;
- (xvi) total trust account balance inquiry;
- (xvii) total volume and value of airtime purchases;
- (xviii) total volume and value of agent cash-in transactions;
- (xix) total volume and value of agent cash-out transitions;
- (xx) total volume and value of cross-border transactions including receiver details;
- (xxi) total volume and value of remittances transactions;
- (xxii) total value and volume of agent cash transactions;
- (xxiii) total value and volume of bulk payment services including details on institution type;
- (xxiv) total value and volume of mobility utility payments including details of bill type;
- (xxv) total value and volume of airtime and data purchases including details on mobile network operator and transaction type;
- (xxvi) interoperability transactions;
- (xxvii) trust account statements;
- (xxviii) trust account and interest balances;
- (xxix) suspicious transaction reports generated;
- (xxx) liquid assets;
- (xxxi) risk-based supervision related returns;
- (xxxii) IFRS or IASB related returns; and
- (xxxiii) any other reports as may be required by the Central Bank.

**MADE this 2nd day of December, 2022.**

**CAROLINE ABEL  
GOVERNOR  
CENTRAL BANK OF SEYCHELLES**

---