



**REGULATION ON PAYMENT SERVICES**  
Regulation number: 2022/R-42

(Effective 13<sup>th</sup> March 2022)

# REGULATION ON PAYMENT SERVICES

## CHAPTER ONE

### PRELIMINARY

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| <b>Introduction and title</b> | <ol style="list-style-type: none"><li>1. (a) This Regulation is issued to provide for licensing, regulation and supervision of Payment Services, and connected matters, and to specify the responsibilities of Custodian Banks.</li><li>(b) This Regulation is issued under section 64 of Law No. 8/2021 (National Payment System Act).</li><li>(c) This Regulation may be cited as “Regulation on Payment Services”.</li></ol>  |
| <b>Commencement</b>           | <ol style="list-style-type: none"><li>2. This Regulation comes into effect from the date of publication in the Government Gazette.</li></ol>   |
| <b>Applicability on Banks</b> | <ol style="list-style-type: none"><li>3. This Regulation is not applicable on the Payment Services provided by the Banks operating under the license issued by the Authority pursuant to the Maldives Banking Act. Notwithstanding the above, such Banks that provide Custodian Account services to Payment Service Providers licenced to provide Electronic Issuance Services are required to comply with Section 20 and 21.</li></ol>  |
| <b>Definition</b>             | <ol style="list-style-type: none"><li>4. In this Regulation, unless the context otherwise requires:<ol style="list-style-type: none"><li>(a) “Beneficial Owner” means a natural person who ultimately is the Major Shareholder of a legal entity, either directly or indirectly.</li><li>(b) “Service of depositing and withdrawing of banknotes and coins” means the service specified in the First Schedule of this Regulation.</li><li>(c) “Remittance Service” has the same meaning provided in Section 66 (p) of the Act.</li></ol></li></ol> |

- (d) "Banking Business" has the same meaning provided in Section 116 of the Maldives Banking Act.
- (e) "Non-Bank Financial Business" has the same meaning provided in Section 2 of Law No. 6/81 (Maldives Monetary Authority Act 1981).
- (f) "Custodian Account" means the account opened by a Payment Service Provider under Section 20 of this Regulation.
- (g) "Custodian Bank" means a bank where a Custodian Account is held.
- (h) "Customer's Money" means any money received by a Payment Service Provider from or on account of a customer in providing Remittance Service or Payment Transaction Acquisition Service, held by the Payment Service Provider at the end of each business day.
- (i) "Unimpaired Capital" means the aggregate of the company's paid-up capital and its reserves, deduction having been made for any loss appearing in the accounts of the company. This shall exclude such reserves as the Authority may specify.
- (j) "Customer Security Credentials" means personalised features provided by a Payment Account Service Provider to a customer used for the purposes of authentication of the customer.
- (k) "Account Information Service" means the service specified in the First Schedule of this Regulation.
- (l) "Electronic Money" has the same meaning provided in Section 13 of the Act
- (m) "Electronic Money Issuance Service" means the service specified in the First Schedule of this Regulation.
- (n) "Electronic Funds Transfer" has the same meaning provided in Section 66 (f) of the Act.

- (o) "Electronic Funds Transfer Service" means the service specified in the First Schedule of this Regulation.
- (p) "Authority" means the Maldives Monetary Authority established under Law No. 6/81 (Maldives Monetary Authority Act 1981).
- (q) "Financial Business" means Banking Business and Non-Bank Financial Business.
- (r) "Major Shareholder" has the same meaning provided in Section 66 (i) of the Act.
- (s) "Maldives Banking Act" means the Law No. 24/2010 (Maldives Banking Act).
- (t) "Licence" means a licence issued under the Act to provide one or more Payment Service in the Maldives.
- (u) "Licensed Payment Service" means the specific Payment Service or Payment Services a Payment Service Provider may provide under a Licence.
- (v) "Act" means the Law No. 8/2021 (National Payment System Act).
- (w) "Senior Management" includes a person who is an employee of the Payment Service Provider who, regardless of title, participates in policymaking functions; or is responsible for any material portion of the Payment Service Provider's activities; or is the head of internal audit, risk, or compliance. The chief executive officer, general manager, and chief financial officer are included in this definition.
- (x) "Payee" means the intended recipient of funds in a Payment Transaction.
- (y) "Payer" means a person that initiate or authorises the initiation of a payment order for the transfer of money.

- (z) "Payment Account" means an account, whether in physical or electronic form, held in the name of one or more person used for the execution of a Payment Transaction. Payment account includes Electronic Money account, bank account, debit card and credit card.
- (aa) "Payment Service" has the same meaning provided in Section 10 of the Act.
- (ab) "Payment Service Provider" has the same meaning provided in Section 66 (o) of the Act.
- (ac) "Payment Transaction Execution Service" means the service specified in the First Schedule of this Regulation.
- (ad) "Payment Instruments Issuance Service" means the service specified in the First Schedule of this Regulation.
- (ae) "Payment Transactions Acquisition Service" means the service specified in the First Schedule of this Regulation.
- (af) "Payment Initiation Service" means the service specified in the First Schedule of this Regulation.
- (ag) "Payment Account Service Provider" means a bank or a Payment Service Provider that opens and maintains a Payment Account for a customer.
- (ah) "Payment Transaction" means the placing, transferring or withdrawing of money; where money includes Electronic Money.

## CHAPTER TWO

### MATTERS RELATING TO LICENCE

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| <b>Providing Payment Services in the Maldives</b> | 5. As stated in Section 17 (a) of the Act, a person may only provide a Payment Service in the Maldives with a Licence or permit issued by the Authority to provide such services. |
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**Persons exempted  
from obtaining a  
Licence**

6. (a) Persons providing Electronic Money Issuance Service in accordance to subsection (b) is exempted from requirement of obtaining a Licence under the Act but must comply with subsection (c).
- (b) Electronic Money Issuance Service is provided only for limited purposes specific to the issuer, where the Electronic Money is not allowed to be redeemed and meets one of the following:
- (1) where the Electronic Money holder acquires goods and services using Electronic Money only in the premises or in an online platform of the issuer;
  - (2) where the Electronic Money holder acquire goods and services using Electronic Money only within a limited network of providers of goods or services that have direct commercial agreements with the issuer, or are part of the same corporate group or otherwise affiliated with the same trading name, trademark or logo; or
  - (3) where Electronic Money is used only to acquire a very limited range of goods or services.
- (c) Persons exempted under subsection (a) must comply with the following:
- (1) inform the Authority that such person provides Electronic Money Issuance Service in compliance with (b);
  - (2) submit to the Authority relevant information stipulated in the website of the Authority;
  - (3) at the end of each month, if the total value of the Payment Transactions processed for the preceding 12(twelve) months exceeds 1,000,000 (one million) Rufiyaa, inform the Authority before the end of the subsequent month; and
  - (4) submit to the Authority any such information informed by the Authority and comply with all the instructions issued by the Authority.

- (d) If persons exempted under subsection (a) fails to comply with subsection (c), or any instruction by the Authority, or if the Authority believes that the exemption on licensing should be revoked for public interest, the Authority may revoke the licensing exemption provided to such a person.
- Application for Licence**
7. (a) Pursuant to Section 19 (b) of the Act, an application for a Licence to provide any of Payment Services shall be made to the Authority with the application form available on the Authority’s website along with the documents specified in the application form.
- (b) Upon receiving the application for a Licence by the Authority, the Authority shall check whether the applicant fulfils the requirements stipulated in the Act, the licensing guideline, and the licensing conditions stipulated in the licensing guideline.
- General pre-licensing conditions**
8. (a) Licence shall only be granted once the applicant registers the company under Law no. 10/96 (Companies Act of Maldives) for the purpose of providing a Payment Service or to conduct a Financial Business.
- (b) Licence shall only be granted to conduct business activities in a place of business established in the Maldives.
- Licensing conditions**
9. In addition to the licensing conditions stipulated in section 20 (d) of the Act, Payment Service Providers must at all times comply to the following licensing conditions:
- (a) commence the business operations within 12 (twelve) months of granting the Licence, unless a shorter period is provided to start the services as a condition of the Licence;
- (b) comply with all Capital requirements, prudential requirements and any other requirements determined by the Authority;
- (c) conduct the business in accordance with the business plan submitted to the Authority with the Licence

application, and not deviate with or revise the business plan unless with the prior approval of the Authority;

- (d) conduct the business in a prudent manner and in accordance with laws, and regulations and directives issued by the Authority;
- (e) conduct the business and provide Licensed Payment Service only under the name that has been approved by the Authority;
- (f) not engage in or facilitate in any way, in criminal activities including criminal breach of trust, fraud, money laundering and financing of terrorism;
- (g) ensure adequate internal controls and take measures to safeguard funds received from customers for the execution of payment transaction; and
- (h) monitor and supervise the activities of its agents and outsourced parties if a Licensed Payment Service is being provided by an agent or an outsourced party, and ensure that the agents and outsourced parties only act in providing such services authorised to be provided by such parties.

**Application for variation in Licenced Payment Service**

10. If any Payment Service Provider intends to vary its Licensed Payment Service or Services, the Payment Service Provider shall submit an application for this approval to the Authority in such form and manner prescribed on the website of the Authority.

**Application fee**

11. (a) An application for Licence must be accompanied by the application fee published on the website of the Authority. The application fee is non-refundable whether the Authority grants or refuses to grant the Licence.
- (b) An application for a variation to a Licenced Payment Service(s) must be accompanied by the application fee published on the Authority's website. The application fee is non-refundable whether the Authority grants or refuses to grant the approval for such application.

- Annual fee** 12. Payment Service Providers must pay to the Authority the annual fees published on the website of the Authority for each Payment Service, as and within such duration specified by the Authority.
- Voluntary Dissolution** 13. A Payment Service Provider may voluntary dissolve or terminate providing a Payment Service, upon approval of the Authority and after revocation of the Licence by the Authority. In revoking the Licence, the Payment Service Providers must comply with such conditions(s) if any, stipulated by the Authority.

### CHAPTER THREE

#### CAPITAL REQUIREMENTS, SECURITY DEPOSIT AND SAFEGUARDING MEASURES

- Capital requirements** 14. (a) A Payment Service Provider licensed to provide a Payment Services specified in the First Schedule, shall maintain the amount specified in Second Schedule, as minimum Unimpaired Capital. The Capital funds must not be borrowed money and must be free from any encumbrances.
- (b) Notwithstanding subsection (a), if the Authority stipulates certain Capital requirements on specific Payment Service Providers depending on the amount of payments processed or depending on other factors, pursuant to the powers given to the Authority under Section 14 (e) of the Act, such Payment Service Providers must comply with the stipulated Capital requirements.
- Security deposit** 15. (a) A Payment Service Provider with a Licence to provide a Payment Service listed in the First Schedule of the Regulation, must at all times, maintain the amounts stipulated for each Payment Service as security deposit with the Authority. The security deposit is for the due performance of the obligation of the Payment Service Provider to its customers. Security deposit must be kept in the form of cash deposit, unless otherwise instructed by the Authority.
- (b) Where the Payment Service Provider becomes insolvent, or is otherwise dissolved, or the License issued to the Payment Service Provider is revoked, or the Licensed Payment Service has been ceased, the security deposit

stated in subsection (a), will be used by the Authority to pay claims by a customer on the sum outstanding, if any. Where the security deposit is insufficient to cover all sums claimed by the customers, the Authority may decide to pay part of the claims made by the customers from the security deposit.

- (c) Where a situation stipulated in subsection (b) arises, and where a claim had not been made by any customer, or where the Authority deems no claims by customers on the sum outstanding, the money remaining as security deposit will be released to the Payment Service Provider by the Authority.
- (d) Where a situation stipulated in subsection (b) arises, procedure for submitting claims on the security deposit stated in subsection (a), and the duration within which such claims must be submitted, will be published by the Authority.

**Separation of  
Customer's Money**

- 16. (a) A Payment Service Provider licensed to provide any of the following Payment Services, shall maintain a bank account at a bank licensed under the Banking Act, for the sole purpose of depositing Customer's Money.
  - (1) Payment Transactions Acquisition Service
  - (2) Remittance Service
- (b) Each Payment Service Provider stipulated in subsection (a), upon receiving Customer's Money, must deposit the money into the Bank account opened pursuant to subsection (a), no later than the following business day on which the money was received.
- (c) No money shall be withdrawn from the bank account stated in subsection (a), except –
  - (1) money deposited by the Payment Service Provider to an account to open or maintain the account;

- (2) money payable to a customer or beneficiary in executing a Payment Transaction;
  - (3) fee or charge payable to the Payment Service Provider in relation to a Payment Service provided to the Customer, notified to the customer as payable; and
  - (4) Any other money as may be approved by the Authority.
- (d) No money shall be deposited to the bank account stated in subsection (a), except –
- (1) money deposited by the Payment Service Provider to an account to open or maintain the account;
  - (2) Customer’s Money required to be deposited to the account pursuant to subsection (b);
  - (3) fee or charge payable to the Payment Service Provider in relation to a Payment Service provided to the Customer; and
  - (4) any other money as may be approved by the Authority.
- (e) The money in the account stated in subsection (a) shall not be used to make any payments due to any party other than to the customers or beneficiaries, nor can it be used as a collateral by the Payment Service Provider.
- (f) Where the Payment Service Provider becomes insolvent, or is otherwise dissolved, or the License issued to the Payment Service Provider is revoked, or the Licensed Payment Service has been ceased, the money held in the bank account stated in subsection (a) shall be first used for paying dues payable to the customers and beneficiaries to execute Payment Transactions

**Money transfer related**

17. (a) A Payment Service Provider licensed to provide Remittance Service must -

- (1) make arrangements that enables the beneficiary to receive the money from a customer in an international outward transfer within 5 (five) business days from date money is received from the customer; and
  - (2) make arrangements that enables the beneficiary to receive the money from the customer in domestic remittance and international inward remittance within 2 (two) business days from the date money is received from the customer;
- (b) A Payment Service Provider that is licensed to provide Payment Transaction Acquisition Service must make arrangements to enable the beneficiary to receive funds within 1 (one) business day from the date it receives the money for the execution of a Payment Transaction.

## CHAPTER FOUR

### ISSUANCE OF ELECTRONIC MONEY

**Matters related to issuance and redeeming Electronic Money**

18. (a) In addition to the conditions stipulated in Section 20 (g) of the Act, every Payment Service Provider that is licensed to provide Electronic Money Issuance Service must comply with the following conditions.
- (1) Not to issue Electronic Money in any currency other than Rufiyaa, unless the Authority provides prior approval for an issuance in another currency;
  - (2) Not to issue Electronic Money through an agent or any other person acting on its behalf;
  - (3) Not to consider Electronic Money held in Electronic Money accounts as deposits;
  - (4) Not to pay interest or other benefit to an Electronic Money account;

- (b) A Payment Service Provider licensed to provide Electronic Money Issuance Service, may distribute or redeem Electronic Money through an agent.
- Electronic Money account**      19. (a) Each Payment Service Provider licensed to provide Electronic Money Issuance Service, must open and maintain a separate Electronic Money account for each Electronic Money holder, where only 1 (one) Electronic Money account may be opened for each customer. Upon written request by the Electronic Money holder, must close the Electronic Money account and redeem the money held in the Electronic Money account to the Electronic Money holder.
- (b) Where the Authority sets limits on Electronic Money transactions and on Electronic Money account balance limits, Payment Service Providers licensed to provide Electronic Money Issuance Service must comply with such limits.
- (c) If the Authority prescribes a certain limit under subsection (b), Payment Service Providers may set their own limits within the limits prescribed by the Authority.
- Custodian Account**      20. (a) Each Payment Service Provider licensed to provide Electronic Money Issuance Service must, at all times, ensure that all of the money received in exchange for which the Payment Service Provider has issued Electronic Money is safeguarded by depositing the money in one or more Custodian Accounts opened with a bank or banks licensed under the Maldives Banking Act.
- (b) The Authority may instruct a Payment Service Provider licensed to provide Electronic Money Issuance Service to deposit the funds stated in subsection (a) in more than 1 (one) Custodian Account.
- (c) Custodian Accounts may be opened as interest or profit bearing accounts, where such interest or profit earned must be held in a separate account.

- (d) Where more than 1 (one) Custodian Accounts are opened, the Electronic Money accounts related to each Custodian Account must be recorded clearly.
- (e) The funds held in Custodian Accounts must not be used to make any Payments due to any party other than the respective Electronic Money holders, nor can it be used as a collateral by the Payment Service Provider.
- (f) Every Payment Service Provider must ensure that at all times, the total money held in the Custodian Account or Custodian Accounts is not less than the total outstanding value of the Electronic Money issued by the Payment Service Provider.
- (g) Payment Service provider may withdraw money from a Custodian Account, if the balance in the Custodian Account after withdrawing does not fall below the value stated in subsection (f).
- (h) Where the Payment Service Provider becomes insolvent, or is otherwise dissolved, or the Licence issued to the Payment Service Provider is revoked, or the Licensed Payment Service has been ceased -
  - (1) the funds held in a Custodian Bank must be kept for the purpose of settlement of claims of Electronic Money holders;
  - (2) the funds held in the Custodian Bank must be first used to settle claims of Electronic Money holders and the Payment Service Provider is only entitled to any remaining balance in the Custodian Accounts after settlement of claims of all Electronic Money holders; and
  - (3) the details of the Electronic Money holders must be provided to the Custodian Bank in order to settle the claims made by the respective Electronic Money holders.
- (i) A written agreement must be entered between a Bank opening a Custodian Account and Electronic Money Issuance Service provider in order to open and maintain a

Custodian Account. The following must be included at a minimum in such an agreement.

- (1) The responsibilities of the Custodian Bank and Electronic Money Issuance Service provider; and
  - (2) Arrangement on reconciling the balance in the respective Custodian Accounts with the total outstanding balance of respective Electronic Money accounts, on a daily basis.
- (j) An agreement entered between bank opening a Custodian Account for the purpose of opening an managing such an account with an Electronic Money Issuance Service provider, must not include any exclusivity clauses limiting (preventing from), the bank opening a custodian account for another Electronic Money Issuance Service provider or the Electronic Money Issuance Service provider opening a custodian account in another bank.
- (k) Where a Custodian Bank requests to check the outstanding balances of Electronic Money accounts related to the respective Custodian Account, the Electronic Money Issuance Service provider, must provide the bank with access to the Electronic Money system.
- (l) Where the Custodian Bank informs an Electronic Money Issuance Service provider, pursuant to Section 21 (c) that the balance in the custodian account is less than the total outstanding balance in the respective Electronic Money accounts, the shortfall amount must be deposited to the Custodian Account within 3 (three) days from the date of such notice.

**Additional requirements for Custodian Banks**

21. (a) Every bank, prior to operating as a Custodian Bank for an Electronic Money issuance provider must obtain a no-objection from the Authority.
- (b) The funds held in a custodian account are kept in trust for the Electronic Money holders and shall not be used by the Payment Service Provider to pay off or set-off any debt owed to the Custodian Bank.
- (c) The Custodian Bank must reconcile the balance held in the custodian account against the total outstanding balances

in the respective Electronic Money accounts. The Custodian Bank must inform to the Electronic Money issuance provider if the balance in the custodian account is less than the total outstanding balance in the respective Electronic Money accounts. And, the Custodian Bank must inform the Authority if the Electronic Money Issuance Service provider fails to deposit the required funds to the Custodian Account within 3 (three) days from the date of such notice.

- (d) Custodian Banks may invest the funds held in a Custodian Account opened in the Custodian Bank, in an Authority approved interest or profit bearing financial instrument, upon approval from the Authority.

**Exemptions to confidentiality**

22. The exemption to the confidentiality requirements stated in Section 55 (a) of the Act, applies where information is provided to a Custodian Bank in the following cases.

- (a) Providing the details of the Electronic Money holders to the Custodian Bank to settle the claims of the respective Electronic Money holders related to the Custodian Account in an event where a circumstance listed in Section 20 (h) arise;
- (b) Providing access of the Electronic Money system to the Custodian Bank to check the outstanding balance of Electronic Money accounts maintained related to the Custodian Account.

**CHAPTER FIVE**

**PAYMENT INITIATION SERVICE AND ACCOUNT INFORMATION SERVICE**

**Additional requirements in providing Payment Initiation Service**

23. A person licensed to provide a Payment Initiation Service must:

- (a) not hold Payer's money at any time;
- (b) communicate with the Payment Account Service Provider with the Payment Account of a Payer or with any other person required to be communicated, in a secure manner conforming to the cyber security requirements determined by the Authority;

- (c) ensure that the “Customer Security Credentials” of the Payer are secure, and ensure that such credentials are not accessible by any person other than the Payer and the credential issuer;
- (d) not store or access or process Payer’s data for any other purpose other than to provide a Payment Initiation Service requested by a Payer. Payer’s data includes of personally identifiable information and financial data of the Payer; and
- (e) not change the total value of a payment or the Payee or any other characteristic of the Payment Transaction, unless with the consent of the Payer.

**Additional requirements in providing Account Information Service**

24. A person licensed to provide an Account Information Service must:
- (a) not hold Payer’s money at any time;
  - (b) communicate with the Payment Account Service Provider with the Payment Account of a Payer or with any other person required to be communicated, in a secure manner conforming to the cyber security requirements determined by the Authority;
  - (c) ensure that the “Customer Security Credentials” of the Payer are secure, and ensure that such credentials are not accessible by any person other than the Payer and the credential issuer; and
  - (d) not store or access or process Payer’s data for any other purpose other than to provide an Account Information Service requested by a Payer. Payer’s data includes of personally identifiable information and financial data of the Payer.

## CHAPTER SIX

### OTHER MATTERS

- Establishing subsidiary and branch**
25. (a) Payment Service Providers shall not establish a branch or a subsidiary either in the Maldives or abroad, without the approval of the Authority.
- (b) Payment Service Providers must provide 60 (sixty) days prior notice to its customers and the Authority of the closing of an office or branch or subsidiary and must provide to the Authority a detailed plan for termination of business in such office, branch or subsidiary.
- Change to the place of business**
26. Every Payment Service Provider intending to change its place of business must inform the address to the Authority 30 (thirty days) prior to such change.
- Merging with a financial institution**
27. Payment Service Provider must no merge or consolidate with another Financial Institution unless with the prior approval of the Authority.
- Change in ownership and becoming a Major Shareholder**
28. (a) Where any person, acting directly or indirectly or through another person, plans to acquire shares to a limit that would make such person a Major Shareholder or an Ultimate Beneficial Owner of a Payment Service Provider, the person shall obtain the approval of the Authority before acquiring the shares. A person shall be deemed to be acquiring shares through another person, if the Authority is of the view that that such persons, pursuant to an understanding, whether formal or informal, are jointly trying to acquire the Payment Service Provider's voting shares.
- (b) Any request for approval under subsection (a), shall be accompanied with the following information.
- (1) The name, nationality, permanent address, and the business or profession, financial statements, and any other information stipulated by the Authority, of the proposed Major Shareholder and its Beneficial

Owner; the financial statements may be required to be audited statements by the Authority.

- (2) Where the proposed Major Shareholder is a legal entity, information stipulated under subsection (b)(1) on the legal entity and its Beneficial Owners; and the audited financial statements of the legal entity for the preceding 3 (three) years; the financial statements of legal entities must show both the financial information of the legal entity, and consolidated financial information of the group to which the legal entity belongs, if applicable.
  - (3) For each proposed Major Shareholder or Beneficial Owner, a police clearance record and an affidavit duly signed by the person stating any convictions for crimes or no conviction past or present, involvement as a member of the board or Senior Management in an insolvent company or a company subject to insolvency proceedings;
  - (4) A list of other entities in which the proposed Major Shareholder and Beneficial Owners hold interests, specifying the size of such interests and the registered addresses of the entities;
  - (5) The terms and conditions of the proposed acquisition, as well as the manner in which the acquisition is to be made;
  - (6) The source and amount of the funds to be used in the acquisition of shares;
  - (7) Where a major change is intended to be brought to the Payment Service Providers business, corporate structure, or management, details of such change; and
  - (8) Any other information required by the Authority.
- (c) Any Major Shareholder, acting directly or indirectly or in concert with other persons, who proposes to increase an existing holding in a Payment Service Provider in a manner

that would reach or exceed a threshold of 20% (twenty percent), or 33% (thirty three percent) or 50% (fifty percent), of the Payment Service Provider's Capital or the voting rights, shall obtain the approval of the Authority prior to acquiring the additional shares. For any such request, the Authority may require the submission of any or all of the information stated in subsection (b).

- (d) Payment Service Providers must promptly notify the Authority upon becoming aware of a proposal to acquire its shares as stipulated in subsection (a) and (c).

**Change to the business and operations**

29. Payment Service Providers shall obtain approval of the Authority before implementing any significant change in providing a Licensed Payment Service or its systems, including but not limited to the following:

- (a) significant changes to the terms and conditions applicable between the Payment Service Provider and its customers;
- (b) changes to the technological platforms used; and
- (c) changes to the measures taken to ensure information security.

**Events to inform the Authority**

30. Every Payment Service Provider must notify the Authority of the occurrence of any of the following events as soon as practicable.

- (a) Civil or criminal proceedings instituted in a court of Maldives or elsewhere, against the Payment Service Provider;
- (b) An event that materially impedes or impairs the operations of the Payment Service Provider;
- (c) Payment Service Provider being or becoming, or being likely to become insolvent, or unable to meet any of the financial, statutory, contractual or other obligations;
- (d) Any administrative or disciplinary action taken against the Payment Service Provider by any regulatory authority other than the Authority, whether in Maldives or elsewhere;

- (e) Any event that affects the reputation of the Payment Service Provider; and
  - (f) An event prescribed by the Authority.
- Appointing agents**     31. (a) Pursuant to Section 27 (a) of the Act, any Payment Services Provider seeking to provide Payment Services to customers through agents must submit an application for approval to the Authority in writing. Subsequent approval for each agent is not required upon receipt of the approval from the Authority.
- (b) Payment Service Providers must inform the Authority, details of the agents within 5 (five) days from the appointment of such agents.
  - (c) Payment Service Providers must inform the Authority, if an agent has been removed or ceases to act as agent, within 5 (five) days from the removal of an agent or ceasing to act as an agent.
  - (d) Payment Services Providers shall enter into an agency agreement with each of its agents, which shall specify the rights, duties and responsibilities of both the parties.
  - (e) Payment Services Providers providing services through agents shall –
    - (1) establish and adhere to thorough and properly instituted screening procedures and policies in the appointment of agents, carry out due diligence of agents and maintain full details of agents;
    - (2) provide adequate training to agents;
    - (3) implement adequate mechanisms to ensure that agents are aware and in compliance with the requirements applicable to the agents; and
    - (4) implement all necessary steps to mitigate risks relating to the provision of services through its agents, including operational risks, liquidity risks

reputational risks and risks relating to the safety of funds collected from customers.

- (f) Payment Service Providers must maintain and publish a registry containing details of all its agents, and where if a change is made to the agents, the registry must be updated latest by the following business day from such change.
- Record keeping**      32. (a) Payment Services Providers shall maintain books, financial statements, records and documents to ensure the orderly operations of their business.
- (b) Payment Service Providers providing a Financial Business along with the Payment Service business, must keep the financial statements and records of the Payment Service business separate from that of the Financial Business.
- (c) Unless otherwise stipulated by the Authority, Payment Service Providers must maintain all financial statements, records and documents in the place of business established in the Maldives, where it must be easily accessible, and shall maintain such financial statements, records and documents in either Dhivehi or English Language.
- (d) Payment Service Providers must maintain the records and documents stipulated in the Fourth Schedule at a minimum for such period stipulated in the Fourth Schedule.
- (e) Where a Payment Service Provider does not maintain a specific record stipulated in the Fourth Schedule but maintains a record with similar information to that of the record stated in the Fourth Schedule, such record shall be retained, at a minimum for period of time specified in the Schedule for such similar record.
- (f) Payment Service Providers shall ensure the retention of all records that are relevant to any on-going litigation, or records which they reasonably determine may be required by an investigative authority for an on-going criminal investigation that the Payment Service Providers are

aware of, or any records that they reasonably determine may be required for a reasonably foreseeable litigation action, for a period longer than the minimum record retention period stated in the Fourth Schedule, for such duration as the Payment Service Provider reasonably determine that the records are no longer required for such purposes.

- (g) Payment Service Providers shall ensure that all records are retained for the period prescribed under any other laws of the Maldives. Where a record retention period stipulated under any other law of the Maldives is longer than the period stipulated in the Fourth Schedule, Payment Service Providers shall ensure that they comply with the longer retention period stated in such law.
- (h) Payment Service Providers shall apply accounting rules and systems in conformity with international accounting standards, including the use of full accrual accounting, and in compliance with any special requirements of accounting standards instructed by the Authority, if any.

**System audit**

- 33. Every Payment Service Provider must audit the security of the technical platforms used in providing the Licensed Payment Service, at a minimum once every 2 (two) years unless another duration is stipulated by the Authority. Copy of such audit reports, including management letter from the auditor, if any, must be submitted to the Authority, no later than 4 (four) months from the end of each audit period.

**Transitional provision for existing Payment Service Providers**

- 34. All existing Payment Service Providers operating a Licence issued prior to the commencement of this Regulation, must fully comply to this Regulation.

**Administrative Actions**

- 35. The Authority may take one or more measures set out in Section 52 (b) of the Act, where the Authority determines or has grounds to believe that a Payment Service Provider, or a member of the board of directors or any decision maker or an employee of the Payment Service Provider has or may violate a provision of this Regulation.

## FIRST SCHEDULE

### DEFINITION OF PAYMENT SERVICES

- (1) The following are the definitions of payment services.
  - (a) “Service of depositing and withdrawing of banknotes and coins” means services enabling cash to be placed on or withdrawn from a Payment Account.
  - (b) “Payment Transaction Execution Service” means the service of processing Payment Transactions on a Payment Account with the customers’ Payment Account Service Provider or any other another Payment Service Provider.
  - (c) “Payment Instruments Issuance Service” means the service of issuing a Payment Instrument to any person for the purpose of allowing a person to make Payment Transactions.
  - (d) “Payment Transaction Acquisition Service” means any service of accepting and processing Payment Transactions for a Payee under a contract entered between the Payee and the provider of the service, which results in transfer of money to the Payee, usually including a point of sale terminal or online payment gateway.
  - (e) “Remittance Service” has the meaning given by section 66 (p) of the Act.
  - (f) “Electronic Funds Transfer Service” means the service enabling the movement of funds on behalf of a Payer, with a view to making funds available to a Payee through a Payment Service Provider via electronic means.
  - (g) “Payment Initiation Service” means an online service to initiate a payment instruction at the request of a customer, with respect to a Payment Account held with another Payment Account Service Provider.
  - (h) “Account Information Service” means an online service to provide consolidate information on one or more Payment Accounts held by the customer with another payment service provider or with more than one payment service provider.
  - (i) “Electronic Money Issuance Service” means the issuance, distribution and redemption of Electronic Money, including any operational services

and closely related ancillary services in respect of issuance and operations of such Electronic Money.

- (2) Notwithstanding (1), the following services will not be considered part of the services stated in (1).
  - (a) The service of executing a Payment Transaction within a payment system, or securities settlement system between providers of Payment Services and settlement agents, central counterparties, clearing houses, central banks or other participants in such system;
  - (b) The services provided by technical service providers, including but not limited to the following services, which support the provision of Payment Services without the provider entering at any time into possession of the funds to be transferred, excluding Payment Initiation Services or Account Information Services but includes the following:
    - (1) Data processing and safeguarding service;
    - (2) Information technology security, trust or privacy protection service;
    - (3) data and entity authentication service
    - (4) Information technology service;
    - (5) service of providing a communication network; and
    - (6) Service of providing and maintaining any terminal or device used in any Payment Service;

## SECOND SCHEDULE

### MINIMUM UNIMPAIRED CAPITAL

1. A Payment Service Provider under the Licence to provide only one Payment Service from the table below, must maintain an amount not less than the amount specified below in respect of that Payment Service.

	<b>Licensed Payment Service</b>	<b>Amount in Maldivian Rufiyaa</b>
(1)	Payment Transactions Acquisition Service	200,000
(2)	Remittance Service	200,000
(3)	Payment Initiation Service	100,000
(4)	Account Information Service	100,000
(5)	Electronic Money Issuance Service	500,000

2. A Payment Service Provider with a Licence to provide more than one Payment Service shall maintain the greater of the minimum capital amounts specified in the above table with respect to its Licensed Payment Services.

### THIRD SCHEDULE

#### SECURITY DEPOSIT

1. The following are the security deposit to be kept pursuant to Section 15 of the Regulation.

	<b>Licensed Payment Service</b>	<b>Amount in Maldivian Rufiyaa</b>
(1)	Payment Transactions Acquisition Service	100,000
(2)	Remittance Service	100,000
(3)	Electronic Money Issuance Service	250,000

## SCHEDULE 4

### RECORD RETENTION PERIODS

1. The following are the record retention periods pursuant to Section 32 of this regulation.

	<b>Record</b>	<b>Duration</b>
(1)	Annual Audit Reports and Financial Information	permanent
(2)	Memorandum of Association and Articles	permanent
(3)	Minutes and Resolutions of meetings of the Board of Directors and Board Committees	permanent
(4)	Minutes of general meetings of shareholders	permanent
(5)	Basic staff records (sufficient to provide a reference to a staff)	permanent
(6)	Arrangements entered with a domestic and foreign Payment System	permanent
(7)	Transaction vouchers including customer requests for the transactions	7 years
(8)	Records of Payment Accounts, including transactions carried out by an Electronic Money Account	7 years after the termination of business relationship with the customer
(9)	Records of consent given by customers to initiate Payments and the authorisation given by a customer on access to accounts	7 years
(10)	Information on any incidents	7 years after the resolution of the incident.
(11)	Bank statements and reconciliation reports of Custodian Accounts	7 years
(12)	Agency agreements	5 years after the termination of agency agreement
(13)	Minutes of meetings formal committees of the Payment Service Providers	5 years
(14)	Records of complaints from customers including how the complaints were resolved and any remedial action taken	5 years after the resolution of the complaint

(15)	Customer files including customer identification documents, and records identifying Beneficial Owners in a business transaction	5 years after business relationship ends with a customer
(16)	Applications for various services and products	5 years after the end of business relationship with a customer
(17)	Internal audit reports, including work papers and other documents related to audit	5 years after closing of the audit file; reports with pending issues beyond this period should be retained until they are resolved.
(18)	Annual business plans and budgets	5 years
(19)	Procurement documents	5 years after the expiry of contract
(20)	Bid documents	5 years
(21)	General contracts	5 years after termination
(22)	Various registers relating to operations	5 years
(23)	Personnel files	5 years after the staff leaves
(24)	Application for employment	6 months for unsuccessful applications and permanent for successful application
(25)	System journals, end-of-day reports including item posting reports	Until both internal audit and external audit for the year is complete
(26)	All other documents not listed above	3 years