



EDBS/KH/C/12/2018

13th February 2018

Chief Executive Officer

All Banks

All Financing Companies

Manama

Kingdom of Bahrain

Dear Sir,

New Requirements in the Operational Risk Management Module (OM)

As part of the CBB's continuous initiatives in enhancing its regulatory framework, specifically in areas of technological advancements related to financial services, the CBB announces the issuance of new requirements under Section OM-6 for Volumes 1 and 2, and under Section OM-5 for Volume 5 (Financing Companies) of the Operational Risk Management Module (Module OM). The updated requirements read as follows:

Europay, MasterCard and Visa (EMV) Compliance

OM-6.3.1A

All cards (debit, credit, charge, pre-paid, etc.) issued by licensees in the Kingdom of Bahrain must be EMV compliant. Moreover, all ATMs, CDMs, POS, etc. must be EMV compliant for accepting cards issued in the Kingdom of Bahrain. In this context, EMV compliant means using chip and online PIN authentication. However, contactless card payment transactions, where no PIN verification is required, are permitted for small amounts. i.e. up to BD 20 per transaction, provided that licensees bear full responsibility in case of fraud occurrence.

Provision of Cash Withdrawal and Payment Services through Various Channels

OM-6.3.1B

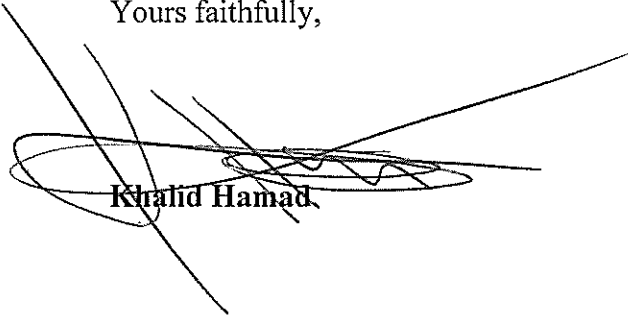
Licensees are allowed to provide cash withdrawal and payment services using various channels, including but not limited to, contactless, cardless, QR code, e-wallets, biometrics (iris recognition, facial recognition, fingerprint, voiceprint, etc.), subject to enrolling customers through registration process wherein customers' acceptance of products/services terms and conditions are documented and customers are properly authenticated.

المدير التنفيذي للرقابة المصرفية

Executive Director - Banking Supervision

The amendment is effective immediately. It shall be available on the CBB website (www.cbb.gov.bh) under Rulebook Volumes 1, 2 and 5 (Financing companies) (Ad-hoc Communications), and will be part of the upcoming CBB Rulebook update.

Yours faithfully,



Khalid Hamad