



EDBS/KH/C/06/2017
8th February 2017

Chief Executive Officer
All Payment Service Providers
Manama
Kingdom of Bahrain

Dear Sir,

Issuance of amended Authorisation Module of Ancillary Service Providers

As part of the CBB's efforts in enhancing its regulatory framework the CBB would like to announce the issuance of the amended Authorisation Module of Ancillary Service Providers (CBB Rulebook Volume 5).

This amendment includes new requirements on issuance of any multi-purpose prepaid cards, electronic or otherwise which can be used on POS terminals and ATMs as well as for online purchases and remittances.

The updated Authorisation Module will be posted on the CBB website under [Home>>CBB Rulebook>>Volume 5](#) in due course.

Yours faithfully,


Khalid Hamad

MODULE	AU: Authorisation
CHAPTER	AU-1: Requirement to Hold a License

AU-1.2 Definition of Regulated Ancillary Services (continued)

Payment Service Provider ('PSP')

- AU-1.2.8** ~~For the purposes of Volume 5 (Specialised Licensees), regulated ancillary services, in relation to a Payment service providers, may acting as an intermediary for the following services which include:~~
- (a) Services enabling cash to be placed on an escrow account and all of the operations required for operating an escrow account;
 - (b) Services enabling cash withdrawals from an escrow account and all of the operations required for operating an escrow account;
 - (c) The settlement of the direct debits of payment transactions;
 - (d) Integrating customer delivery channels to enterprises to enable transactions at delivery channels (e.g. ATMs, POS, Interactive Voice Response, mobile, internet); and
 - (e) Interfacing with external networks/institutions (e.g. national switch, VISA, MasterCard), enabling automated exchange of transactions between the enterprise and external networks.

AU-1.2.9 Payment service providers also facilitate the payment of high volume periodic/repetitive bills (e.g. utility bills, phone bills etc), and customer initiated payments.

AU-1.2.10 For purposes of Paragraph AU-1.2.8, escrow account is defined as an account held in a retail bank which is used for the execution of payment transactions. The CBB has the right to stop this escrow account at any time.

- AU-1.2.10A** **When issuing any multi-purpose, electronic or otherwise, pre-paid cards, payment service providers must comply with the following requirements:**
- (a) **The maximum amount under each individual customer pre-paid account must not exceed BD200;**
 - (b) **The maximum overall outstanding amount of pre-paid cards for all customers is limited to 50% of the payment service provider's core capital;**
 - (c) **The payment service provider must obtain a bank guarantee of BD100,000 from a retail bank licensed in the Kingdom of Bahrain to cover the maximum of the overall outstanding of pre-paid cards;**
 - (d) **Comply with all the requirements outlined under Module FC (Financial Crime) and Module CL (Client Money);**

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- (e) All pre-paid plastic cards must be EMV compliant (chip and PIN and online authentication);
- (f) Any ~~account~~ pre-paid card which is ~~not~~ inactive for a period of ~~three~~ six months must be placed in a dormant ~~account~~ list;
- (g) All transactions on pre-paid cards must be made through an escrow account with a retail bank in Bahrain.

AU 1.2.10B In addition to the requirements listed under Paragraph AU 1.2.10A, Payment service providers must maintain up to date Payment Card Industry Data Security Standards (PCI-DSS) certification. The initial certification must be obtained by 31st December 2017.

AU-1.2.10C In order to maintain up to date PCI-DSS certification, payment service providers will be periodically audited by PCI authorised companies for compliance. Licensees are asked to make certified copies of such documents available if requested by the CBB.

AU-1.2.11 When a customer load cash into the card through kiosk or company /bank counter, the payment service provider must update the amount into the card immediately, and must deposit the relevant cash amount into the escrow account within 24 hours. ~~Payment service providers must finalise settlements within 2 business days.~~