



BANK OF PAPUA NEW GUINEA

DIRECTIVE ON OVERSIGHT 01/2019

**PART I
GENERAL PROVISIONS**

1. Scope

1. This Directive shall define:

- (a) The conditions, requirements and procedures under which Payment Service Providers and System Operators are licensed;
- (b) The terms and standards under which Payment Services may be provided and Systems operated; and
- (c) The means and procedures under which the Central Bank shall exercise its oversight powers.

2. Definitions

1. Unless otherwise provided in a specific provision, for the purposes of this Directive and any other measure implementing it, terms as listed below shall have the following meaning attributed to them:

- i. “Agent” means an entity that has been contracted by a Payment Service Provider/Operator of a System to provide services on behalf of such institution in its name and on its behalf;
- ii. “Clearing” means the process of transmitting, reconciling and/or confirming funds or securities transfer instructions prior to Settlement and includes the Netting of instructions and the establishment of final positions for Settlement;
- iii. “Clearing System” means a set of procedures whereby Participants present and exchange information relating to the transfer of funds or securities to other Participants through a centralized System or at a single location and includes mechanisms for the calculation of Participants’ positions on a bilateral or multilateral basis with a view to facilitating the Settlement of their obligations;
- iv. “Collateral” means an asset that is delivered by the collateral provider to secure an obligation to the collateral taker. Collateral arrangements may take

- different legal forms; collateral may be obtained using the method of title transfer or pledge;
- v. "Credit Card" means a card that authorizes the person named on it to charge goods or services to the account of an account holder on credit basis subject to repayment over a period of time;
 - vi. "Credit Transfer" means the series of transfers, beginning with the payer's payment order, made for the purpose of making payment to the payee. The term includes any payment order issued by the payer's Bank or Payment Service Provider, or an intermediary intended to carry out the payer's payment order;
 - vii. "Debit Card" means a card or an access method by which money is automatically deducted from a banking account to pay for goods or services purchased;
 - viii. "Debit Transfer" means the series of transfers, initiated by the payee, on the basis of the payer's consent given to the payee, to the payee Payment Service Provider or to the payer own Payment Service Provider. The term includes any payment order issued by the payee's Bank or Payment Service Provider, or an intermediary intended to carry out the payee's order;
 - ix. "E-money" means electronically, including magnetically or in any other tangible or intangible device (such as a SIM card or a software), stored monetary value as represented by a claim on the issuer, which is issued on receipt of funds for the purpose of making payment transactions and which is accepted as a means of payment by persons other than the issuer;
 - x. "Electronic Funds Transfer" means any transfer of funds which is initiated by a person by way of instruction, authorization or order to a payment service provider to debit or credit an account maintained with that payment service provider by way of electronic means and includes point of sale transfers, automated teller machine transactions, direct deposits or withdrawal of funds, transfers initiated by telephone, internet, card or other devices;
 - xi. "National Switch" means a set-up providing interoperability and reciprocity between the Payments System Providers and Payments System Operators to route transactions between endpoints;
 - xii. "National Payment System" means the whole of the services that are associated to sending, receiving and processing of orders of payment or transfers of money in domestic or foreign currencies, issuance and management of Payment Instruments, Payment, Clearing and Settlement Systems, including those processing securities, arrangements and procedures associated to those Systems and Services, and Payment Service Providers, including System Operators, Participants, and any third party acting on behalf of them, either as an agent or by way of outsourcing agreements, whether entirely or partially operating inside the Country;
 - xiii. "Netting" means the determination of the net payment obligations or the determination of the net termination value of settlement obligations between two or more System Participants within a System;
 - xiv. "Operator" means the Central Bank or any other entity licensed by the Central Bank to operate a System;
 - xv. "Participant" means a party who is recognized in the rules of a System as eligible to exchange, clear and settle through the System with other Participants either directly or indirectly. A direct participant is a participant in a System who is responsible for the settlement of its own payments, those of

its customers and those of the indirect participants on whose behalf it is settling;

- xvi. "Payment Card" means any card, coupon book, or other device, including a code or any other means of access to an account, that may be used from time to time to obtain money or to make payment, and includes a debit, credit and stored-value card;
- xvii. "Payment Instrument" means any instrument, whether tangible or intangible, that enables a person to obtain money, goods or services or to otherwise make payment or transfer money. These include, but are not limited to, cheques, funds transfers initiated by any paper or paperless device (such as automated teller machines (ATM), points of sale (POS), internet, telephone, mobiles), payment cards, including those involving storage of E-money (e-money);
- xviii. "Payment Services Provider" means any entity providing Payment Services and includes the issuer of a payment instrument;
- xix. "Payment Services" mean services enabling cash deposits and withdrawals, execution of payment transactions, issuing and/or acquisition of Payment Instruments, the provision of Remittance Services, and any other services functional to the transfer of money. This shall also include the issuance of e-money and e-money instruments. The term does not include the provision of solely online or telecommunication services or network access;
- xx. "Payment System" means any System or arrangement for the processing, Clearing and/or Settlement of funds;
- xxi. "Real-Time Gross Settlement" (RTGS) means a Settlement that effects final settlement of funds, payment obligations and book entry of securities and instruments on a real-time transaction-by-transaction basis as these occur during operating hours in a processing day;
- xxii. "Remittance services" means a financial service that accepts cash or other Payment Instruments (including e-money instruments) in one location and pays a corresponding sum in cash or other form to a beneficiary in another location by means of a communication, a message, transfer or through a clearing network to which the money transfer service belongs;
- xxiii. "Settlement Rules" means the rules, however established, that provide the basis upon which payment obligations are calculated, netted or settled and includes rules for the taking of action in the event that a Participant is unable or likely to become unable to meet its obligations to a System or other Participants. This also covers settlement of obligations from securities;
- xxiv. "Settlement System" means a System established and operated by the Central Bank or any other System for the discharge of payment obligations as well as of settlement of obligations in relation to securities;
- xxv. "Settlement" means the act of discharging obligations by transferring funds or securities between two or more parties;
- xxvi. "Systemic Risk" means the risk that relates to the inability of a Participant to meet its obligations in a System as they become due or a disruption to the System that could, for whatever reason, cause other Participants in the System to be unable to meet their obligations as they become due; and
- xxvii. "Outsourcing" means the entrusting by way of agreement to a third party to provide one or more parts of a payment services or of the operation of a system yet keeping responsibility for such services towards any third parties. Outsourcing does not represent any agency-type relationship where the agent acts in the name and on behalf of its principal.

2. Unless otherwise provided, in this Directive the term “System” shall interchangeably refer to a Payment System or a Settlement System.

PART II LICENSING

3. Licensing

1. In pursuance of Article 8 of the National Payment System Act, 2013, no person may provide Payment Services, including the issuance and management of Payment Instruments, or operate a System unless such person is duly licensed by the Central Bank.
2. Any person desirous of providing a Payment Service or operate a System, shall apply to the Central Bank by submitting documents and information as prescribed by this Directive. The Central Bank may impose fees for submission of application. Fees for submission of an application shall be of an amount as indicated in Schedule 1 to this Directive.
3. In order to provide a Payment Service in the country the Payment Service Provider should satisfy the following minimum conditions:
 - (a) To have minimum capital as indicated in Schedule 2;
 - (b) To safeguard funds which have been received from Payment Service users or through another Payment Service Provider for the execution of payment transactions by adequate means, and in particular by not making them commingled at any time with the funds of third parties and making them insulated against the claims of other creditors of the Service Provider, in particular in the event of insolvency; and
 - (c) To have robust, effective and transparent governance arrangements for its Payment Services business, to ensure the continued integrity of the payment service provided. Those arrangements, procedures and mechanisms shall be comprehensive and proportionate to the nature, scale and complexity of the payment services provided and shall include, among others.
 - (i) Shareholders, directors, managers and agents fulfil the fit and proper criteria requirements as established by the Central Bank and uniformly applied to all regulated entities by the Central Bank;
 - (ii) A clear organizational structure with well-defined, transparent and consistent lines of responsibility;
 - (iii) Effective procedure to identify, manage, monitor and report the risks to which it is or might be exposed; and
 - (iv) Adequate internal control mechanisms, including sound administrative and accounting procedures.
 - (d) To have clear rules to solve disputes associated with Payment Services.

- (e) To have a safe and reliable Information Technology (IT) system and adequate interfaces to ensure interoperability, access and data protection, as well as robust contingency and disaster control procedures.
4. In case of operation of a System, and in addition to proof of robust governance arrangements and any further requirements that the Central Bank may decide to apply for the operation of the System, the following minimum conditions shall be satisfied by the System itself:
- (a) To have minimum capital as indicated in Schedule 2;
 - (b) To have policies, practices and procedures for evaluating financial soundness of Operators and Participants and for identifying, monitoring and controlling any risks associated to the working of the System;
 - (c) To ensure finality of payment and settlement, to have clear netting, loss allocation and apportionment procedures, and dispose of adequate collateral in all its forms, nature, effectiveness and means of realization in conformity with relevant legal and statutory provisions of the Country;
 - (d) To have a safe and reliable IT system and adequate interfaces to ensure interoperability and access, as well as robust business continuity and disaster control procedures; and
 - (e) To have membership rules adequate to the operation of the System and clear, fair and nondiscriminatory access procedures.

4. Documents to be submitted

1. In order to comply with the conditions set forth in Article (3)(3), an applicant shall provide the following information:
- (a) Description of the nature and scope of the Services to be offered and how these Services fit in with its overall business strategy, together with a business plan including a forecast budget calculation for the first three financial years which demonstrate that the applicant is able to employ the appropriate and proportionate systems, resources and procedures to operate soundly;
 - (b) List of products and services to be provided with a breakdown of commissions/ prices to be charged to the customer;
 - (c) Description of legal structure of the scheme to provide the service, including legal definition of relationship with any bank for deposit taking institution from which it clearly emerges how liabilities are shared and risks avoided or reduced;
 - (d) Criteria for the selection of agents and/or the outsourcing of parts of the activities, where applicable, and copy of any agency or outsourcing agreement, as appropriate, either individual or standard;

- (e) Description of the applicant's management arrangements and internal control mechanisms, including administrative, risk management and accounting procedures, which demonstrate that these management arrangements and internal control mechanisms and procedures are appropriate, sound and adequate; and
- (f) A signed document detailing the features and operational modalities of all IT systems used/proposed to be used, including the operating systems, software and interfaces explaining at a minimum the following:
 - (i) Description (including diagrams) of the configuration of any institution's payment system and its capabilities showing: (1) how such system is linked to other host systems or the network infrastructure in the institution; (2) how transaction and data flow through the network, settlement process and timing; (3) what types of telecommunication channels and remote access capabilities (e.g. direct modem dial-in, internet access, or both) exist; and (4) what security controls/measures are installed;
 - (ii) A list of software and hardware components indicating the purpose of the software and hardware in the infrastructure;
 - (iii) How data security and data integrity is ensured;
 - (iv) How the system is interoperable with other existing payment systems; and
 - (v) How relevant international, national and industry level standards, guidelines and recommendations are applied wherever possible.
- (g) Proof of ability to comply with all applicable Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) laws, standards and measures;
- (h) Details of the customer protection measures, including out-of-court dispute resolution mechanisms, consumer recourse mechanisms and consumer awareness program;
- (i) Details of data protection policy;
- (j) The identity of persons holding in the applicant, directly or indirectly, qualifying holdings, the identity of directors and persons responsible for the management of the entity providing services, and, where relevant, persons responsible for the management of the specific payment service activities;
- (k) The applicant's legal status and articles of association;
- (l) The identity of statutory auditors and audit firms, which shall be recognised by the PNG Chartered Institute of Accounts and be appointed for no more than two years; and

- (m) Any further requirements defined by the Central Bank associated to the Service.
2. In case of operation of a System, in order to comply with Article (3)(4) the following shall be provided:
- (a) Description of the organization of the System and its business rationale;
 - (b) Signed memorandum of agreement and articles of association for the company formed to operate the System and details on the ownership and governance of such company;
 - (c) Business Plan for the following five years;
 - (d) Description of policies and/or procedures of the System, including:
 - (i) The criteria established for direct and indirect Participation in the System;
 - (ii) The principle of operation of the System (real time, net, etc.);
 - (iii) The rules of the System and service levels to be provided to the Participants;
 - (iv) An analysis of the risk and measures to limit risks in the System arising from illiquidity or insolvency of Participants in such Systems including capacity to manage risk;
 - (v) Rules on management of liquidity, credit and settlement risk, including rules determining the time when a payment instruction and a Settlement is final;
 - (vi) The measures employed to safeguard technical operations, including a contingency plan in the event of any operational disruption should the ordinary system fail to function; and
 - (vii) The measures taken to secure the protection of electronic processing and the storage of data relating to the System of payments against disclosure, misuse, damage, destruction, loss or theft.
 - (e) Details of the internal audit function including structure, scope, reporting lines and the frequency of reporting;
 - (f) Overview of the information technology functions, including scope, structure and reporting lines with an attached organizational chart;
 - (g) Human resources plan to ensure adequate resources to the operation of the System;
 - (h) A signed document of the relevant portion(s) of the security policies and procedures manual containing at a minimum:

- (i) A description of the institution's security organization;
 - (ii) Definition of responsibilities for designing, implementing, monitoring and updating information security measures; and
 - (iii) Established procedures for evaluating policy compliance, enforcing disciplinary measures and reporting security violations.
- (i) A signed document describing the business continuity and disaster recovery plans for payment facilities and event scenario/problem management plan/program to resolve or address problems, such as complaints, errors and intrusions and the availability of back-up facilities.

5. Licensing procedure

1. After receipt of an application, the Central Bank may make a preliminary investigation on the genuineness of the particulars furnished by the applicant and completion of the information provided.
2. Within twenty-eight days from the original submission, the Central Bank shall either open a full procedure under paragraph (3) of this Article or request the applicant to provide additional information. The Central Bank shall indicate to the applicant any deadlines to provide such information.
3. The Central Bank, if satisfied after the investigation under paragraph (1) of this Article that the application is complete in all respects, shall open a main procedure to evaluate whether it conforms to the provisions of this Directive or related measures issued by the Central Bank.
4. The Central Bank shall respond within ninety days of submission of a complete application. Where the Central Bank intends to refuse an application for a licence it shall give the applicant written notice of its intention to do so, stating the reasons why it proposes to act. An applicant may make written representations within 28 days of receipt of such notice. Where representations are made, the Central Bank shall take them into account before reaching a decision on the application.
5. The concession of an individual license can be made subject to specific conditions imposed by the Central Bank following exchange of opinions with the applicant on the most appropriate ways to correct shortcoming(s) identified by the Central Bank and made conditional upon the fulfilment of said conditions within a specific term.

PART III TERMS AND CONDITIONS TO PROVIDE PAYMENT SERVICES OR OPERATE A SYSTEM

6. General requirements

1. Payment Service Providers and Operators of Systems shall ensure that their activities and instruments always comply with relevant Directives and other either general or individual measures adopted by the Central Bank to ensure a secure and efficient payment system in the country.
2. No Operator of a System shall cause any change in the System which would affect the structure, operation, risk management, or administration of the System without:
 - (a) The approval of Central Bank; and
 - (b) Giving notice of not less than thirty days to the Participants of the System after the approval of Central Bank.

7. Access Regime

1. An operator shall make rules on access to a system which are objective, non-discriminatory and proportionate and subject to the approval of the Central Bank.
2. An operator shall not inhibit access to the system more than is necessary to safeguard:
 - (a) The public interest;
 - (b) The interests of the current Participants, Operator and Settlement Agent;
 - (c) The interests of persons who, in the future, may require or desire access to the System; and
 - (d) Such other matters as the Central Bank may consider being relevant.
3. The Central Bank will have the authority to make variations to the access regime based on assessment of the aforementioned items as stated in paragraph (2).
4. The Central Bank will have the authority to revoke an access regime based on assessment of the aforementioned items as stated in paragraph (2).

8. Public Disclosure for Payments System Operators and Payment Service Providers

1. A Payment System Operator or a Payment Service Provider licensed by the Central Bank shall be required to publish annual reports with its audited financial statements, information on its operations, its risk management and IT practices including opinion of external audit on effectiveness of the risk management practices; the annual report to be publicly available (e.g., by uploading to its website) within three months from the close of its accounting year'. In addition to annual reports, a Payment System Operator or Payment Service Provider may be directed to disclose such other information or data as deemed necessary in the public interest.

9. Revocation

1. If a Payment Service Provider or a System Operator:
 - (a) Contravenes any provisions of this Directive;
 - (b) Does not comply with other general measures issued as per this Directive;
 - (c) Fails to comply with individual decisions issued by the Central Bank;
 - (d) Provides the services contrary to the conditions subject to which its license was issued;
 - (e) Becomes insolvent or dissolved or wound up;
 - (f) Was licensed on the basis of false or wrong information submitted by the applicant; and
 - (g) Has failed to commence operations within 12 months following the issuance of license the Central Bank may revoke its license.
2. No revocation shall be made under paragraph (1) of this Article except after giving the applicant a reasonable opportunity of being heard.
3. Nothing contained under paragraph (2) of this Article shall apply to a case where the Central Bank considers it necessary to revoke the license in the interest of the monetary policy or financial stability of the country or for any other reasons connected to public interest.
4. The Central Bank may, in considering whether to prohibit any person from providing a Payment Service or operate a System under paragraph (1) of this Article, inspect the premises, equipment, machinery, apparatus, books or other documents, or accounts and transactions of the person, upon giving written notice to it.
5. The order of revocation issued under paragraph (1) of this Article shall include necessary provisions to protect and safeguard the interests of persons affected by such order of revocation.
6. The decision to revoke the license shall be gazetted according to relevant national legislation.
7. The revocation of the license shall become effective on the date of its publication or on any further date as legislation may specify.
8. The Payment Services Provider or System Operator shall be prohibited from engaging in the provision of Payment Services or in operating the System starting from the effective date of the revocation.

PART IV OVERSIGHT AUTHORITY

10. General Oversight Authority

1. The Payment Services provided and the Systems operated pursuant to this Directive, including the Operators of Systems and Participants therein, as well as any third parties to which part of services have been outsourced, shall be subject to oversight by the Central Bank.
2. Persons undertaking monitoring on behalf of the Central Bank shall not be liable toward third persons for the consequences of the performance of their functions.
3. Persons subject to payment oversight shall provide the Central Bank, for the purposes of payment oversight and for statistical purposes, with information and reports on their activities, according to a procedure and with content and frequency established by the Central Bank.
4. The provider of Payment Services, the Operator of a System, Participants and other persons who are subject to oversight shall be obligated to permit it, to refrain from acts that could inhibit its conduct and to provide all information and co-operation stipulated by this Directive or required for the conduct of the oversight by the Central Bank or persons authorized by this to oversee Payment Services and/or Systems.
5. Central Bank shall cooperate with other public authorities engaged in the Directive and supervision of financial institutions and other entities directly or indirectly involved in Payment Services and their operation in Papua New Guinea. The Central Bank shall have the right to exchange information with such bodies and persons and to notify them regarding deficiencies found during their oversight activities.
6. The Central Bank shall co-operate with bodies in other countries for oversight of Systems and Payment Services. The Central Bank shall have the right to exchange information with such bodies and persons and to notify them regarding deficiencies found during their oversight activities.
7. If the Central Bank discovers facts during its monitoring indicating that criminal acts have been committed it shall notify the relevant body regarding criminal proceedings of this fact without unreasonable delay.
8. The Central Bank, within its oversight powers, shall decide whether to impose limits on kinds of transaction to be executed by specific instruments, such as internet banking and/or mobile payments, as well as thresholds and number of transactions permitted within a certain period by individual instruments. Thresholds on daily value of transactions are established in Schedule 3.

11. Access to Information

1. The Central Bank may request that Payment Services Providers, any Participant, Operator or other person acting on behalf of the Service Provider or Operator or Settlement institution to provide the Central Bank within the period specified in a notice, all such information as may be required by the Central Bank.
2. The Central Bank may prepare and publish consolidated statements aggregating any information provided under this Directive for statistical purposes, statements that relate to or are derived from any information provided under this Directive.

12. Authority to Perform Inspection

1. The Central Bank shall have the authority to inspect the premises of a System Operator or a Service Provider as part of the licensing process and on a periodic basis as part of an inspection regime. This may be performed with or without a written request.
2. At such time, the Central Bank has the authority to inspect and retain any books, premises, equipment, (or interview staff) or other items as deemed necessary for the purpose of ensuring its compliance with the Central Bank measures.
3. The Central Bank can appoint external independent experts and can attend, through authorized officers, the meetings of the governing and supervisory bodies of the persons subject to payment oversight. Such authorized officers may give opinions and recommendations which shall be recorded in the minutes of the meetings.
4. When applied to Banks and other Financial Institutions, performance of such authority shall be in compliance with banking supervision laws and procedures and Central Bank shall undertake memoranda of understanding with relevant authorities to coordinate their reciprocal activities.

13. Oversight Measures to Payment Systems

1. In case the Central Bank establishes breaches in the activity of a Payment System, depending on the nature and gravity of the breach, it may:
 - (a) Issue a written warning and/or issue mandatory instructions to the Operator and/or Participant in the Payment System;
 - (b) Oblige the Operator and/or Participant in the Payment System to discontinue and rectify the breaches within a given time-limit;
 - (c) Order the Payment System Operator to exclude a certain Participant from the Payment System, if the Participant fails to observe the requirements or rules of the System stipulated herein;

- (d) Order the Participants and the Operator of the Payment System to change its rules;
- (e) Oblige the System Operator to carry out, at its own expense, internal or external audit of the System or its Participants;
- (f) Impose on the Payment System Operator temporary or permanent prohibition to engage in the activity of the payment system; and
- (g) Revoke the license of the Operator of a Payment System subject to licensing.

14. Register

1. The Central Bank shall keep a public register of licensed Payment Service Providers and System Operators, their branches and agents.
2. The register shall contain the following information, as relevant:
 - (a) The index number of the license issued by the Central Bank;
 - (b) The unique identification number;
 - (c) The name, registered office and head office;
 - (d) The persons managing and representing the Payment Service Provider or Operator;
 - (e) The services/activities for which the Provider/Operator was licensed;
 - (f) The branches of the Provider/Operator in Papua New Guinea and abroad, their addresses and the identity of the persons who manage and represent them;
 - (g) The agents of the Payment Services Provider in Papua New Guinea and abroad with the identity of legal entities by their unique identification number, registered office, head office and the persons who manage and represent them, and for natural persons – the full name; and
 - (h) The revocation of the license issued or cessation of business activities.
3. The Register referred to in paragraph 1 shall be made publicly accessible and shall be updated regularly.

15. Obligation of Confidentiality of Information

1. Persons authorized to oversee Payment Services and Systems shall be obligated to respect professional confidentiality regarding facts acquired during such functions. On the basis of information acquired by oversight activities, the Central Bank may provide information summaries to a third person, in which the specific System or Service and the specific person must not be identified.
2. Information acquired during oversight may only be used by authorized persons in the fulfillment of their job responsibilities and in legal proceedings regarding an action against a decision issued by the Central Bank as regards Payment Services and/or Systems oversight or in a similar proceeding before a Court.
3. The Central Bank shall be authorized to provide to an oversight body of another country's information acquired during the oversight process. Other bodies and persons may only be provided with information under the condition that such bodies and persons have an obligation to protect the information and to respect confidentiality. Information provided shall only be used for the specific purpose or for the proceeding for which this information was made available. Information supplied to another country should only be in summary or aggregate form. No transaction details should be disclosed unless the affected Participants and Operator have been notified.
4. The Central Bank shall be equally authorized to request all relevant information it might need for its oversight activities from oversight bodies of other countries, according to any cooperation agreement or the like.

16. Outsourcing of activities

1. A Payment Service Provider or Operator shall not outsource an aspect of its payment service or operational function without the prior authorization of the Central Bank, and shall provide the Central Bank with all relevant information in relation to the proposed outsourcing in a request for authorization.
2. The Central Bank shall ensure that when a Payment Service Provider or Operator outsources an important aspect of its payment service or operational function, it complies with the following conditions:
 - (a) The outsourcing shall not result in the delegation by senior management of its responsibility;
 - (b) The relationship and obligations of the issuer towards the customers of any relevant payment instrument shall not be altered;
 - (c) The conditions with which the Payment Service Provider or Operator is to comply in order to be licensed and remain so in accordance with this Directive shall not be undermined; and
 - (d) None of the other conditions subject to which the license was granted shall be removed or modified.

3. For the purposes of subsection (1) and (2), an aspect of a payment service or operational function shall be regarded as important if a defect or failure in its performance would materially impair the continuing compliance of a Payment Service Provider or Operator with the requirements of its license, its financial performance or the soundness or the continuity of its services.

17. Use of agents

1. A Payment Service Provider shall not use Agents to provide payment services without the prior approval of the Central Bank, according to the manner established by the Central Bank.

18. Liability in case of outsourcing and/or use of agents

1. When a Payment Service Provider or Operator relies on third parties for the performance of an aspect of its payment services or the outsourcing of an operational function, it shall take reasonable steps to ensure that the agent or the entity to which it is outsourced complies with the requirements of this Directive and any further measure by the Central Bank.
2. The Payment Service Provider or Operator shall remain fully liable for any acts of an employee, agent, branch or entity to which activities are outsourced.

SCHEDULE 1: PRESCRIBED FEES

Part 1: Application Fee

Payment Service Provider	K15, 000
System Operator	K25, 000

Part 2: Licence Fees

Payment Service Provider	K15, 000
System Operator	K25, 000

Part 3: Licence Renewal Fees

Payment Service Provider	K15, 000
System Operator	K25, 000

SCHEDULE 2

MINIMUM CAPITAL

For the purposes of Section 5 (2) (a) of the National Payment Systems Act 2013, the prescribed minimum capital requirements are:

- | | |
|---|------------|
| (a) in the case of a payment service provider | K500,000 |
| (b) in the case of a system operator | K5,000,000 |

SCHEDULE 3

PAYMENT INSTRUMENT	Daily Transaction Limit ¹						
	Cash Withdrawal		Payment of Goods & Services			Transfer of Funds	
	ATM	EFTPOS	EFTPOS	Internet Banking	Mobile Banking	Mobile Banking	Internet Banking
Mobile Banking					K5,000 Domestic	K5,000 Domestic	
Internet Banking (Personal)				K50,000 Domestic			K50,000 Domestic
				K50,000 International			K25,000 International
Internet Banking (Business)				K50,000 Domestic			K50,000 Domestic
				K50,000 International			K50,000 International
Visa Debit Card	K35,000 Domestic	K35,000 Domestic	K200,000 Domestic	K200,000 Domestic			
	K 35,000 International	K35,000 Domestic	K200,000 International	K200,000 International			
Credit Card	K10,000 Domestic	K10,000 Domestic	K200,000 Domestic	K200,000 Domestic			
	K10,000 International	K10,000 International	K200,000 International	K200,000 International			
Domestic Card	K10,000 Domestic	K5,000 Domestic	K30,000 Domestic				
E- money/Store Value card					K1,000 Domestic	K1,000 Domestic	K1,000 Domestic
					K5,000 International	K5,000 International	K5,000 International

¹ Overseas payments by individuals or companies in excess of K200, 000 are subject to Section 81 of the Central Banking Act 2000 for Tax Clearance Certificate.