



APPLICATION FOR AUTHORIZATION  
ELECTRONIC RETAIL PAYMENT SERVICE PROVIDER

MARCH 2013



## APPLICATION FOR AUTHORIZATION - ELECTRONIC RETAIL PAYMENT SERVICE PROVIDER

### 1 Overview

- 1.1 In accordance with Section 3 of the Payment Clearing and Settlement Act, 2010, the Bank of Jamaica (Bank) is charged with responsibility for Oversight of the National Payment System. In keeping with this mandate the Bank is in the process of facilitating the growth and development of the electronic retail payment services sector. The Guidelines for Electronic Retail Payment Services (Guidelines), which were developed and published by the Bank after extensive stakeholder consultations, provide the framework within which the Bank will administer its Oversight function in relation to retail payment system. The initiative of the Bank is informed by the rapid pace of technological advancement, which is driving the development of and demand for innovative payment products and services.
- 1.2 All electronic retail payment service providers will be required to secure authorization from the Bank prior to the commencement of operations. Electronic Retail Payment Service Providers who commenced operations prior to the implementation of the Guidelines are required to take immediate steps to secure authorization from the Bank within 6 months from 2 April 2013 or before the expiration of any extended period that the Bank may determine.
- 1.3 This document details the application and authorization process for applicants who intend to provide electronic retail payment services.

### 2. The Application Process

- 2.1 The Bank will accept completed application forms along with the required information commencing 2 April 2013.
- 2.2 Applications will be subjected to a two stage assessment process, i.e.:

**Stage 1 – Business Assessment**

**Stage 2 – Operational Assessment**

### 3. Stage 1 – Business Assessment

- 3.1 Stage 1 – Business Assessment involves a review of the business plans, financial strength, managerial and technical expertise and the governance and administrative arrangements that will be employed by the applicant. The criteria for Stage 1- Business Assessment will include a review of the following areas as provided for under the Guidelines:
  - a. Nature and scale of the business;
  - b. Capital adequacy;
  - c. Adequate Governance Arrangements;



- d. Outsourcing Arrangements;
- e. Use of Agents;
- f. Consumer protection;
- g. Liquidity Requirements;
- h. Evidence of funds management; and AML/CFT processes and procedures.

3.2 As part of Stage 1 – Business Assessment, applicants will be required to make a comprehensive presentation covering critical components of the business and the operational arrangements. Applicants must be prepared to respond to all queries and requests for clarification that may arise during the presentation.

3.3 The Bank will communicate the results of the Stage 1 – Business Assessment to the applicant in writing. Stage 2 – Operational Assessment will commence only if, on the basis of the Stage 1 – Business Assessment, the suitability of the applicant to operate the proposed electronic retail payment service is confirmed.

#### 4. **Stage 2 – Operational Assessment**

4.1 Stage 2 – Operational Assessment will be administered to determine the adequacy of the business operations inclusive of the information technology infrastructure. This will be an onsite assessment of the applicant’s primary location and operational environment in general.

4.2 The criteria for Stage 2 – Operational Assessment based on the provisions in the Guidelines are as follows:

- a. Operational requirements inclusive of:
  - i. Evidence of service being provided with clear identification of custodian account documentation where relevant;
  - ii. Rules, procedures, policies and other contractual or operational procedures;
  - iii. Evidence of outsourcing and/or agency arrangements and agreements; and
  - iv. Evidence of defined terms and conditions for customers, and merchants.
- b. Information Technology Infrastructure review inclusive of:
  - i. Evidence of systems interoperability, identification of standards compliance;
  - ii. Measures of operational reliability, business contingency arrangements; and
  - iii. Systems security and accessibility.

Additional information and documentation may be requested by the Bank during the assessment process.



## 5. **Directions for Completing Application Form**

- 5.1 All Applications must be submitted with a covering letter signed by the principal officer of the operating entity.
- 5.2 All questions on the application form must be completed. If a question does not apply, write not applicable (N/A) or none as appropriate. Do not leave blank spaces.
- 5.3 If the applicant is unable to submit any of the required documentation, an explanation should be provided in the covering letter (with reference to the specific question number).
- 5.4 Where applicants are required to 'confirm', a tick (✓) placed in the application confirmation box will be taken as confirmation.
- 5.5 Where the space provided on the application form is inadequate for the response, the required information should be submitted on a separate sheet with the appropriate reference to the request contained on the application form. Further information or clarification may be requested (having regard to the responses provided) for the purpose of considering and assessing an application.
- 5.6 Applicants can provide additional information that may assist with the assessment process.
- 5.7 The timeframe for authorization will be impacted by:
  - a. The complexity of the application;
  - b. The complexity of the group structure (if applicable);
  - c. The time taken by the applicant to respond to queries/clarifications;
  - d. Any further changes made by the applicant during the authorization process; and
  - e. The time taken by any relevant third party to respond to queries in relation to the application.



## BANK OF JAMAICA

### APPLICATION FOR AUTHORIZATION - ELECTRONIC RETAIL PAYMENT SERVICE PROVIDER

Pursuant to Section 5 – Authorization; of the Guidelines for Electronic Retail Payment Services, applicants are required to submit all the information and documents, as outlined in the Guidelines or otherwise requested by the Bank, to inform the authorization process.

#### 1 THE APPLICANT

1.1 Full legal name of applicant (Company Name):

1.2 Trade name (if different from 1.1):

1.3 Business Address:

1.4 Telephone Number:

1.5 Fax Number:

1.6 E-mail Address:

1.7 Institution website (if applicable):

1.8 Date of Incorporation:

1.9 Company's TRN:

1.10 Type of Business:

1.11 Provide a valid Tax Compliance Certificate:

Attached  Will follow

1.12 Provide a certified copy of the Articles of Association or constituent document under which the business is established and Certificate of Incorporation or Business Registration in Jamaica:

Attached  Will follow

1.13 Provide a certified copy of the last audited financial statement (where applicable):

Attached  Will follow

#### 2. CAPITAL

2.1 Confirm that pursuant to Section 6 - Capital Requirements; of the Guidelines for Electronic Retail Payment Services, there is sufficient capital to support a minimum net worth of USD100,000.

Yes  No

2.2 Confirm that evidence of the required net worth is attached.

Attached  Will follow

2.3 Provide a capital management plan.

Attached  Will follow

#### 3. GOVERNANCE

*Pursuant to Section 7 – Governance; of the Guidelines for Electronic Retail Payment Services, an issuer shall establish adequate governance arrangements, which are effective and transparent, to ensure the integrity of the operations of its electronic retail payment service. The governance arrangements shall include:*

##### 3.1 OWNERSHIP AND MANAGEMENT STRUCTURE

3.1.1 Provide ownership and organizational information (e.g. relationship to parent, holdings etc.) Attach a corporate organization chart).

Attached  Will follow



3.1.2 Provide a certified list of the full name, address, date-of-birth, TRN and the duties (where relevant) of the directors, shareholders,<sup>1</sup> beneficial owners, chief executive officer and other senior officers as per the format below:

Full Name	Address (Telephone, fax, e-mail)	Date of Birth dd-mm-yyyy	TRN	Duties (if any)

Attached  Will follow

3.1.3 Provide fit and proper requirements as detailed below in respect of each directors, shareholders, beneficial owners, chief executive officer and other senior officers of the proposed Electronic Retail Payment Service:

	Fit and Proper Requirements	Attached	Will follow
1	Personal Questionnaires (this may be downloaded from the Bank of Jamaica's website <a href="http://www.boj.org.jm">http://www.boj.org.jm</a> )		
2	Certified Photograph		
3	Curriculum Vitae		
4	The original receipt evidencing payment for a Police Certificate		
5	The relevant fee for obtaining FID Clearance		

### 3.2 RISK MANAGEMENT

3.2.1 In relation to risk management, confirm that the following are in place:

	Risk Management	Yes	No
1	Appropriate risk management infrastructure to mitigate financial risk and ensure safety and integrity of transfers.		
2	Adequate resources and capacity in terms of expertise, hardware, software and other operating capabilities to deliver consistent and reliable service.		
3	An independent risk management <i>function</i> to oversee the electronic retail payment services.		

3.2.2 Details of the policies and procedures to identify, manage and monitor operational, financial and other risks.

Attached  Will follow

### 3.3 Internal Audit

3.3.1 Has an independent internal audit function been established (or is being established)?

Yes  No

3.3.2 If yes, provide details of the arrangements for executing the internal audit function.

Attached  Will follow

### 3.4 BUSINESS CONTINUITY PLAN

3.4.1 Provide the details of the business continuity arrangements.

Attached  Will follow

### 3.5 SYSTEM SECURITY AND INTEGRITY

3.5.1 In relation to system security and integrity, confirm the following:

	System Security and Integrity	Yes	No
1	Adequate and appropriate controls are in place to mitigate the relevant risks.		
2	Data is transmitted securely.		

<sup>1</sup> Significant interest means owning, directly or indirectly 10 percent or more of the capital or of the voting rights of the institution or directly or indirectly, exercising a significant influence over the management of the institution, as the central bank may determine.



3	Appropriate systems security procedures have been developed, documented and tested.		
3.5.2 Identify the officers responsible for the ongoing review of all IT arrangement and frequency of reviews:			
3.5.3 Do you intend to secure the service of a third party to conduct security audits? Yes <input type="checkbox"/> No <input type="checkbox"/>			
3.5.4 Provide a system security plan. Attached <input type="checkbox"/> Will follow <input type="checkbox"/>			
<b>4. OPERATIONAL REQUIREMENT</b>			
4.1 Pursuant to Section 8 - Operational Requirements; of the Guidelines for Electronic Retail Payment Services, issuers shall establish appropriate operational arrangements.  Confirm whether there are adequate operational arrangements in place for the proposed electronic retail payment service, which shall include:			
	<b>Operational Requirements</b>	<b>Yes</b>	<b>No</b>
1	Rules and procedures setting out the rights, responsibilities and liabilities of the issuer, third parties providing outsourced services, agents, merchants, users and other relevant stakeholders.		
2	Measures to ensure safety, security and operational reliability of the scheme, including contingency arrangements and disaster control procedures, to be applied to all relevant systems, whether internal or outsourced.		
3	Adequate arrangements to ensure interoperability.		
4	Separate records and accounts for activities related to the retail payment instruments.		
4.2 Provide a copy of your operational plan. Attached <input type="checkbox"/> Will follow <input type="checkbox"/>			
4.3 List any other services, which will be offered:			



4.4 Provide the following in relation to the issuance of electronic retail payment services:

a. A detailed description of the electronic retail payment service process.  
Attached  Will follow

b. A detailed flow diagram representing the electronic retail payment transaction process.  
The diagram should include:

- I. Flow of funds and information transmitted between payer and payee;
- II. Clear identification of agents and/or branches or other entity involved in the process;
- III. Timing and dependencies between payment flows;
- IV. Payment media (e.g. mobile phone or card) and the system to be employed;  
Yes  No

c. A detail description of the established clearing and settlement arrangements to ensure the safe and efficient delivery of payment services.  
Attached  Will follow

4.5 If multiple products will be provided, a separate diagram must be provided for each payment process.  
Attached  Will follow

4.6 Who will be your clearing and settlement agent? Provide name and business details.

**5. OUTSOURCING AND USE OF AGENTS**

5.1 Pursuant to Section 10 – Outsourcing; of the Guidelines for Electronic Retail Payment Services, confirm whether any important function of the electronic retail payment services e.g. I.T., finance, Internal Audit, Risk Management/Compliance will be outsourced to another entity.  
Yes  No

5.2 If yes, indicate which functions will be outsourced, the name of the operator and provide details of the outsourcing arrangements including copies of the service level agreements where applicable.  
Attached  Will follow

5.3 In relation to the outsourcing of important operational functions confirm that:

		Yes	No
1	The outsourcing will not result in the delegation by senior management of its responsibility.		
2	The relationship and obligations of the applicant towards its payment service users shall not be altered.		
3	None of the conditions (if any) subject to which the applicant's authorization is granted shall be removed or modified.		
4	The outsourcing of operational functions will not be undertaken in such a way as to impair the quality of the applicant's internal controls and the ability of the competent authorities to monitor the applicant's compliance with all obligations laid down in the Guidelines.		
5	A service Level Agreement will be put in place in relation to the outsourced functions referenced at 5.2 and the draft agreement(s) is (are) attached.		

5.4 Pursuant to Section 11 - Use of Agents; of the Guidelines for Electronic Retail Payment Services, confirm whether agents, branches or other third parties will be appointed.  
Yes  No

5.5 If Yes, provide information on the number and location of such entities :  
Attached  Will Follow

5.6 Provide the following for each agent:

a. A list with the names, addresses, TRN and contact information of the principal agent(s) to be used in the provision of electronic retail payment services.  
Attached  Will follow





- b. A description of the internal control mechanisms that will be used by agents in order to comply with the obligations in relation to anti-money laundering (AML) and combatting terrorist financing (CFT).  
Attached  Will follow
- c. Criteria for appointing agents.  
Attached  Will follow
- d. A copy of the agency agreement, detailing the arrangements to include the rights responsibilities and duties and performance standards of the agent.
- e. Provide the fit and proper requirements as detailed below in respect of each agent:

	<b>Fit and Proper Requirements</b>	<b>Attached</b>	<b>Will follow</b>
1	Personal Questionnaires (this may be downloaded from the Bank of Jamaica's website <a href="http://www.boj.org.jm">http://www.boj.org.jm</a> ).		
2	Certified Photograph		
3	Curriculum Vitae		
4	The original receipt evidencing payment for a Police Certificate		
5	The relevant fee for obtaining FID Clearance		

#### **6. CONSUMER PROTECTION, EDUCATION AND PRIVACY**

6.1 Pursuant to Section 12 - Consumer Protection, Education and Privacy; of the Guidelines for Electronic Retail Payment Services, confirm whether adequate measures are in place to address the following:

	<b>Consumer Protection, Education and Privacy</b>	<b>Yes</b>	<b>No</b>
1	Protection of customer funds		
2	Consumer education		
3	Privacy of customer information		
4	Reliable and quality services		
5	Transparency of product and services		
6	Prompt response to inquiries and complaints		
7	Refund demands		
8	Dispute resolution		

6.2 Provide details of the methods that will be implemented to safe guard the funds which are held in relation to electronic retail payment services.

Attached  Will follow

6.3 Provide details of the dispute resolution arrangements and redress mechanisms.

Attached  Will follow

#### **7 LIQUIDITY**

7.1 Pursuant to Section 13 - Liquidity Requirement; of the Guidelines for Electronic Retail Payment Services, confirm that the minimum liquidity requirements are in place as detailed below:

- a. liquid funds of not less than three times the average maximum daily value (computed over the previous six months) of amounts required to settle customer transactions;  
and
- b. liquid funds of not less than six months gross operating expenses.

Yes  No

7.2 Provide financial projections and budget for at least three (3) years.

Attached  Will follow

7.3 Provide a liquidity management plan.

Attached  Will follow



<b>8 ANTI-MONEY LAUNDERING AND TERRORIST FINANCING</b>			
8.1 Pursuant to Section 20 - Anti-Money Laundering/Counter Financing of Terrorism; of the Guidelines for Electronic Retail Payment Services, confirm the following:			
	<b>Anti-Money Laundering and Terrorist Financing</b>	<b>Yes</b>	<b>No</b>
1	Adequate procedures are in place to meet the requirements and comply with AML/CFT procedures, as well as regulations and guidelines adopted by the Bank to this end.		
2	Adequate procedures are in place to ensure that any agents or third party acting on your behalf act in compliance with the relevant AML/CFT requirements.		
3	Appropriate processes and procedures are in place to obtain and maintain the relevant information and to satisfy the AML/CFT reporting requirements.		
8.2 Provide the Anti-money laundering/ Counter Financing of Terrorism Policies and Procedures which will apply to the Electronic Retail Payment Service.			
Attached <input type="checkbox"/> Will follow <input type="checkbox"/>			
<b>9 COMPLIANCE</b>			
9.1 In relation to compliance with stated legislation and regulatory procedures, confirm the following:			
	<b>Compliance</b>	<b>Yes</b>	<b>No</b>
1	The retail payment service offered are fully compliant with:		
	a. The Bank of Jamaica Act		
	b. Payment Clearing and Settlement Act		
2	The relevant reporting requirements to the regulatory authority have been established.		
The applicant should notify the Bank of Jamaica in writing of any changes in the information contained in the Application form and in the enclosed documents which have occurred after submitting the application.			



I declare that all statements made in this application and the attached documents are, to the best of my knowledge and belief, true and complete statements.	
Senior Officer:	Position:
Signature:	Date:
Senior Officer:	Position:
Signature:	Date:
Designated Officer:	Position:
Signature:	Date:
Affix company seal:	

**Please return form and supporting documents to:**

Bank of Jamaica  
Payment System Department  
76 Knutsford Boulevard  
Kingston 5  
Jamaica

**For questions, please contact:**

The Director  
Payment System Department  
Bank of Jamaica  
76 Knutsford Boulevard  
Kingston 5  
Jamaica

Telephone: (876) 922-0750-9 extension 6100-1  
E-mail: [payment.system@boj.org.jm](mailto:payment.system@boj.org.jm)