Rwanda

Regulation on Administrative Sanctions Applicable to Payment Systems Operators and Payment Service Providers
Regulation 3 of 2015

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Regulation on Administrative Sanctions Applicable to Payment Systems Operators and Payment Service Providers

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Regulation 3 of 2015

Published in Official Gazette 13 on 30 March 2015

Assented to on 11 February 2015

Commenced on 30 March 2015

(This is the version of this document from 30 March 2015.)

Pursuant to Law n° 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in articles 6, 9, 56 and 57;

Pursuant to the Law n° 03/2010 of 26/02/2010 concerning payment systems especially in Articles 6, 7, 8 and 10;

The National Bank of Rwanda hereinafter referred to as the "Central Bank", decrees:

Article one – Purpose

The purpose of this Regulation is to establish administrative sanctions for an operator of payment system and a payment service provider in case of violation of the laws, regulations and directives governing the payment systems and the payment services.

Article 2 – The scope

For the purpose of this Regulation, administrative sanctions include disciplinary and pecuniary sanctions.

This Regulation is applicable to payment service providers and payment systems operators that violate the provisions of the Law and Regulations.

Pursuant to the laws and regulations that establish sanctions applicable to banks and microfinance institutions, this regulation is not applicable to banks and microfinance institutions.

Article 3 – Definitions

In this Regulation, the following terms and expressions shall mean:

a. **Law**: The Law n° 05/2010 of 26/02/2010 concerning payment systems.

b. **Regulations** include regulations, directives and decisions of the Central Bank that govern payment systems and payment services.

c. **Payment service provider**

Any entity providing services enabling cash deposits and withdrawals, execution of Payment Transactions, issuing and/or acquisition of Payment Instruments, Money Remittances and any other services functional to the transfer of money. The term does not include solely who provides online services or by telecommunication services or network access;

d. **Payment system operator**

The entity that is in charge of the operation or administration of the payment system;

e. **Manager**: a person who has an executive authority and/or a member of the executive committee of the payment systems operator or for a payment service provider.
f. **Shareholder:** person whose name appears is entered in the share register as the holder for the time being of one or more shares in the company;

g. **Written warning:**

Is a document explaining the nature of the violation, often referencing the specific rule or standard violated, and usually the consequences that will follow if the conduct continues.

It is issued after two unsuccessful consecutive verbal warnings. The verbal warnings are informal conversations and documented.

The purpose of the written warning is to correct a non-compliance with rule or standards by discussing it with the infringer and providing a written record of that conversation.

**Article 4 – Determination of sanctions**

Without prejudice to other sanctions set forth in article 5 of the Law n° 03/2010 of 26/02/2010 concerning payment system, the Central Bank shall determine administrative sanctions applicable to an operator of payment systems or for a payment service provider that violate the provisions of the Law and regulations.

**Article 5 – Disciplinary sanctions**

An operator of a payment system or a payment service provider that violates the provisions of the Law and regulations shall be liable, depending upon the seriousness of the violation, to the following disciplinary measures:

1° written warning;

2° Permanently or temporarily prohibition from conducting certain activities, or other limitations on the exercise of payment system operations or payment services.

**Article 6 – Disciplinary sanctions applicable to Directors and Managers**

The Central Bank may suspend or dismiss the Directors of the payment system operators or payment services providers in case it determines that the infringement of the Law or the regulations has been committed with the consent or connivance of these persons.

**Article 7 – Pecuniary sanctions**

This Regulation shall determine pecuniary sanctions applicable to operator of systems or a payment service provider that violates the provisions of Law and regulations.

The Central Bank may impose pecuniary sanctions either in lieu or cumulatively, the sanctions prescribed in Articles 5 and 6.

The amount of each penalty shall depend on the nature of default, according to a scale set out in Appendix.

**Article 8 – Recovery of the sums related to the penalties imposed**

The sums related to the penalties imposed to institutions governed by this regulation shall be recovered in the favour of the Central Bank upon a notification of Central Bank account on which the infringer shall deposit those sums.

The infringer shall pay the sums mentioned in paragraph one of this article within ten days of imposition of that sanction.
Article 9 – Repealing of inconsistent provisions

All prior regulatory provisions contrary to this Regulation are hereby repealed.

Article 10 – Commencement

This Regulation shall come into force on the date of its publication in the Official Gazette of the Republic of Rwanda.

Appendix

<table>
<thead>
<tr>
<th>Nature of violation</th>
<th>Penalties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to notify to the Central Bank about any material changes in Licensing’s initial conditions.</td>
<td>1,000,000 Frw per each case of material change.</td>
</tr>
<tr>
<td>Failure to submit to the Central Bank documents/reports required by any regulation or directive or submitting an incomplete report or submitting erroneous documents.</td>
<td>50,000 Frw per day from the date of reporting and per document until submission of required document, a complete report or corrected documents.</td>
</tr>
<tr>
<td>Failure to ask for approval of the appointment of members of the Board of Directors and the Management.</td>
<td>100,000 Frw per each unapproved member of Board of Directors and the Management.</td>
</tr>
<tr>
<td>Violation of any other provision of Law and the regulations, directives and decisions of the Central Bank.</td>
<td>A fine of 500,000 Frw per each violation.</td>
</tr>
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