

Rwanda

Regulation governing the Electronic Money Issuers Regulation 54 of 2022

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Regulation 54 of 2022

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Pursuant to Law n° 48/2017 of 23/09/2017 governing the National Bank of Rwanda as amended to date, especially its articles 6, 6bis 8, 9, 10 and 15;

Pursuant to Law n° 061/2021 of 14/10/2021 governing Payment System, especially its articles 6, 15 and 55;

Pursuant to the Law n° 063/2021 of 14/10/2021 governing trusts, especially its articles 3, 6 and 10;

Pursuant to the Law n° 75/2019 of 29/01/2020 on prevention and punishment of money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction as amended to date, especially its articles 2, 9, 10 and 20;

Pursuant to the Law n° 058/2021 of 13/10/2021 relating to the protection of personal data and privacy, especially its articles 2, 11 and 17;

Having reviewed the regulation n° 08/2016 of 01/12/2016 governing the electronic money issuers;

The National Bank of Rwanda hereinafter referred to as "Central Bank" issues the following regulation:

Chapter One

General provisions

Article One – Purpose of this regulation

This regulation sets forth the rules governing activities of electronic money issuers and the safeguarding measures of electronic money.

Article 2 – Definitions

In this regulation, the following terms shall mean:

- 1° **agent:** an individual person or legal entity providing services of the e-money issuance to customers on behalf of the e-money issuer under agency agreement;
- 2° **authorization:** the license or approval provided by the Central Bank to an e-money issuer;
- 3° **bank:** an institution regulated as a bank and authorized to collect deposits from the public;
- 4° **beneficiary:** any person who holds any e-money amount except the e-money issuer;
- 5° **cash-in:** accepting banknotes or coins and performing the necessary steps to initiate the crediting of that monetary value to the customer's e-money account. The "cash in" includes a transfer of money by a client of deposit-taking financial institution from their own account held in the financial institutions to their own e-money account;
- 6° **cash-out:** means giving out banknotes or coins and performing the necessary steps to initiate the debiting of that monetary value from the beneficiary's e-money account. The "Cash out" includes a transfer

- of money by beneficiary from his/her e-money account to his/her own account held in deposit-taking financial institution
- 7° **trustee:** the e-money issuer established by a written declaration to manage trust fund on behalf of the beneficiaries;
- 8° **customer:** any user of the services of e-money. A customer may have an e-money account with zero balance or may not have an e-money account;
- 9° **customer due diligence:** the process of obtaining customer information and verifying/assessing the value of the information from independent and reliable sources to identify the customer upfront, as well as to detect, monitor and report suspicious transaction;
- 10° **Declaration of a trust:** a written declaration made by the e-money issuer that it holds funds under trust;
- 11° **Electronic money or “e-money”:** monetary value as represented by a claim on its issuer, which is:
- a. electronically stored;
 - b. issued against receipt of currency of Rwanda or any other currency authorized by the Central Bank of an amount not lesser in value than the monetary value issued; and
 - c. accepted as a means of payment by persons other than the issuer;
 - d. redeemable into fiat or scriptural money;
- 12° **e-money holder:** a person who has an e-money claim on an e-money issuer;
- 13° **e-money account:** an account held with an e-money issuer for conducting e-money transactions;
- 14° **e-money business:** the issuance and redemption and the transfer of the e-money as well as provision of closely related ancillary services in respect of the issuance and transfer as provided in this regulation. E-money business does not constitute the business of deposit-taking.
- 15° **e-money float or “float”:** the total outstanding e-money liabilities of the e-money issuer to its customers at any point in time;
- 16° **e-money issuer:** a payment service provider licensed or authorised to issue e-money under the regulations governing payment service providers;
- 17° **deposit-taking financial institution:** a bank or a microfinance institution authorized to collect deposits from the public;
- 18° **Know Your Customer:** rules related to anti-money laundering/countering the financing of terrorism which require e-money issuers or its agents to carry out procedures to identify a customer;
- 19° **non-deposit taking institution:** an entity incorporated under the Laws of the Republic of Rwanda not as a deposit-taking financial institution;
- 20° **significant shareholder:** a person that, directly or indirectly, alone or in conjunction with others, represents at least five percent (5%) of the capital or voting rights, or that makes it possible to exercise a significant influence over decisions related to the management of that e-money issuer;
- 21° **trust account:** a separate account segregated from an e-money issuer's own funds, in which the e-money issuer is required to deposit all funds collected from e-money account holders.
- 22° **trust account agreement:** is a contract between a deposit-taking financial institution holding the trust account and the e-money issuer as a trustee, whose terms and conditions of that account set up such that the trust account is not accessible for the operations not related to e-money services;
- 23° **trust fund:** a fund consisting of money held in trust accounts;
- 24° **unique identifier:** a combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously

another payment service user or the payment account of that other payment service user for a payment transaction;

- 25° **special account:** an account opened by a deposit-taking financial institution to deposit funds received from customers in exchange of electronic money issued at equivalent value by the deposit-taking financial institution;
- 26° **stored Value Card:** a prepaid card in which the record of funds can be increased as well as decreased;
- 27° **over-the-counter transaction or “OTC transaction”** a transaction conducted by a customer with an e-money issuer or its agents in cash without making use of an e-money account held in their own name. The sub-set of over-the-counter transactions for which this applies to both sender and recipient shall be called “Cash to-cash” or “C2C” transactions.

Article 3 – Scope of application

This regulation applies to:

- 1° non-deposit taking financial institution authorized by the Central Bank and intending to issue e-money;
- 2° deposit-taking financial institution authorized by the Central Bank and intending to issue electronic money;
- 3° the deposit-taking financial institution that hold trust funds;
- 4° service provider that issue electronic payment instruments, which require to store the monetary value in electronic form to the extent that the value stored on such devices falls under the definition of electronic money;

This regulation does not apply to payment instruments that can be used to acquire goods or services only in the premises used by the issuer.

Chapter II Authorisation for e-money issuance

Article 4 – Licensing

A non deposit taking institution that intends to issue e-money shall adhere to licensing requirements established under the regulation governing payments services providers.

Article 5 – Authorisation of deposit-taking financial institutions to issue e-money

A deposit-taking financial institution that intends to issue e-money shall adhere to approval requirements established under the regulation governing payments services providers.

Article 6 – Discontinuation of e-money issuance services

The discontinuation of e-money issuance services shall happen in the following cases:

- 1° voluntary discontinuation to conduct business of e-money issuance;
- 2° withdrawal or suspension of the license or approval;
- 3° liquidation of the e-money issuer.

Article 7 – Effect of discontinuation of e-money issuance services

In the event that an e-money issuer's license or authorisation has been revoked or returned, e-money issuer shall:

- 1° surrender the license certificate or the authorisation to the Central Bank within seven days from the date of the notice of revocation;
- 2° hand over the entire e-money database, electronic records in a readable format and other relevant information to the Central Bank to facilitate the processing of payments to the customers;
- 3° under the supervision of Central Bank, distribute the funds held in the trust account to the beneficiaries within one (1) month, counting from the date of the notice of revocation or return of the license or authorisation;
- 4° submit the monthly reports of the ongoing distribution to the Central Bank; and
- 5° cease immediately from carrying out e-money issuance or any other activity authorized under this regulation.

Where there is a discontinuation based on the provisions of article 6 of this regulation, the institution holding the Trust funds shall cease forthwith further dealing with the funds until the institution receives instructions from the Central Bank; and may notify other relevant authorities including the regulator for communication services.

Notwithstanding above paragraphs, in case of revocation of the licence or the authorisation, the Central Bank may take a decision to transfer the trust fund to viable licensed e-money issuer.

Where deemed necessary, the Central Bank, in contrast to the paragraph one item 2° and 3° of this article, may appoint a qualified person to distribute the balances held in the Trust account of the discontinued e-money issuer at the time of revocation.

Any shortfall in the Trust account shall be recoverable directly from the revoked e-money issuer.

Chapter III E-money account management

Article 8 – Categories of e-money accounts

E-money accounts shall be at minimum categorised in tiers as part of a risk-based approach to KYC requirements:

- 1° tier I: individual customer;
- 2° tier II: legal persons
- 3° tier III: basic agents;
- 4° tier IV: merchants.

Article 9 – Minimum account opening requirements and customer due diligence

The e-money issuers shall satisfy that the registration system is capable of providing the registrants proof of successful registration.

The registration of customers may be done by filling the paper based or electronic forms, provided that the customer gives the consent to the terms and conditions governing the services.

In order to satisfy the electronic Know Your Customer, the identity card number or passport number of the customer shall be verified through the National Identification Agency's database or through independent sources.

For purposes of anti money laundering and countering the financing of terrorism, each e-money account holder shall be given a unique identifier regardless of the number of accounts opened.

The e-money issuers shall open the e-money accounts of their customers.

When undertaking customer due diligence, the e-money issuers shall consider the following conditions:

- 1° classify customers into various tiers as specified in this regulation;
- 2° no account is to be opened in anonymous or fictitious name or entity;
- 3° unless authorized by the Central Bank, an e-money issuer shall open at maximum three e-money accounts registered under one Customer;
- 4° accept and serve customers only after verifying their identification;
- 5° not to open an account where the identity of the account holder cannot be verified and/or documents/information required could not be obtained/confirmed due to non-cooperation of the customer;
- 6° identity of a new customer to be checked so as to ensure that it does not match with any person with known criminal background or banned entities such as individual terrorists or terrorist organisations, etc.;
- 7° an e-money issuer that provide e-money service through mobile network shall ensure that the subscriber identity module card and mobile phone number of its customer are registered and match with the ID number of the customer.

A person with age less than sixteen (16) years or who is not entitled to hold an official identity document can hold e-money account if his/her parent or guardian is identified and registered in accordance with Know Your Customer or account opening requirements.

Article 10 – Account activation

The e-money system shall prompt the registered customer to activate the service by use of a personal identification number or password or any other authentication process before commencement of any transaction processing.

The activation process, shall be through secured messaging systems, and ensure integrity and security of customer's identity.

The e-money issuer is responsible for the security and integrity of the entire activation process.

Article 11 – Customer services agreements and terms and conditions

The e-money issuer shall:

- 1° enter into a customer service agreement with every account holder to which it renders services;
- 2° submit to the Central Bank a copy of the standard customer service agreement/terms and conditions applicable to each service offered to the public;
- 3° in the event of handling a dormant account, comply with the provisions of the regulation governing dormant accounts; and
- 4° in the case of a deceased persons' account, comply with the Law that governs succession.

Article 12 – Content of the customer service agreement and terms and conditions

A customer service agreement shall, at a minimum include:

- 1° clear identification of the e-money holder and the actual e-money issuer;
- 2° a detailed description of the services offered;
- 3° procedures for maintaining a customer account;
- 4° state in its fine print that the ownership of the e-money holders' funds is not in any way impaired by the use of pooled float accounts established in the name of the e-money issuer;
- 5° customer account use and his/her responsibility;
- 6° a clear guidance on the e-money holders' right of redemption, including conditions and fees for redemption, if any;
- 7° information on available redress procedures for complaints together with the address and contact information of the e-money issuer;
- 8° conditions and procedures for loading, transferring, receiving and withdrawing funds;
- 9° circumstances of suspension, termination and freezing of accounts;
- 10° terms related to disclosure of prices of services;
- 11° details on how dormant accounts are handled;
- 12° details on how accounts of deceased persons are handled;
- 13° the contact details of the next of kin of the e-money account holder, to which the e-money issuer shall send notification in case of the inactivity or dormancy of e-money account in the absence of the account holder.

Article 13 – Confidentiality of customer or beneficiary information

An e-money issuer and its agents shall keep the information in respect of services provided to any customer or beneficiary confidential.

Subject to provisions of the paragraph one of this article, an e-money issuer shall disclose customer information in respect of services provided by the e-money issuer only:

- 1° to the customer concerned;
- 2° to the Central Bank;
- 3° to anyone else, when authorised, in writing, by the customer concerned. The authorization is limited to a single and specified use case, and the e-money issuer shall require renewed consent of the client each time the e-money issuer wishes to share customer information as specified in this sub paragraph;
- 4° as prescribed by law; or
- 5° as ordered by a court of Law.

The e-money issuer shall comply with the requirements of the Law on data protection and privacy.

Article 14 – Requirements for stored value cards

Only deposit-taking financial institutions licenced by the Central Bank with clearing capacity shall issue stored value or prepaid cards. Other institutions without clearing capacity can issue in conjunction with those with clearing capacity.

The transaction and balance limits and frequencies shall be defined by the card issuers.

The card issuers shall comply with minimum account opening requirements applicable to deposit-taking financial institutions.

All stored value card transactions shall be subject to current reporting requirements of the Central Bank related to card based payments.

All card issuers shall render monthly returns to the Central Bank on the number of stored value or prepaid cards in issue, volume of transactions and gross amount of transfers from/to, stored value/prepaid cards for inclusion in the national statistics on payments.

All stored value card balances shall be considered deposit liabilities by the issuing financial institution and therefore subject to deposit insurance protection up to the limit provided by the Deposit Guarantee Fund.

A stored value card holder shall, upon request, be entitled to receive a cash refund of the outstanding balance of the card account from the issuing institution.

All stored value cards issued in Rwanda shall comply with standards applicable to cards as time to time determined by the Central Bank.

For the purpose of paragraph one of this article, the Central Bank may establish through a directive, the terms and conditions for issuing the co-branded stored value cards.

Chapter IV Risk management

Article 15 – Corporate governance rules applicable to non-deposit taking e-money issuers

In the event that the e-money issuer is a subsidiary of a parent company incorporated under the laws of the Republic of Rwanda, it shall have an independent management, board and accounts separate from the parent company and must comply with minimum corporate governance requirements set by the Central Bank.

The requirement stipulated under Paragraph one of this article shall, however, not preclude representation by the parent company on the board of directors and the inclusion of the financial accounts of the subsidiary in the consolidated financial accounts of the group.

An e-money issuer shall establish effective, transparent and adequate governance arrangements to ensure continued integrity of its service.

The governance arrangements established under paragraph two of this article shall include:

- 1° clearly defined and documented organizational arrangements, such as ownership and management structure;
- 2° segregation of duties and internal control arrangements to reduce the chances of mismanagement and fraud;
- 3° the requirement that the parent company of the e-money issuer or the e-money issuer itself shall not act as an agent of the e-money issuer;
- 4° an appropriate separation between ownership and management of the e-money issuer, significant shareholders shall not hold a senior management position.

Article 16 – Specific requirements for e-money issuer providing the other activities other than the payment services

The e-money issuer which provides the activities other than the payment services shall:

- 1° under the governance structure of the company, establish a separate business unit from its other business units to manage the provision of payment services. This also includes keeping separate books of account for the payment services as well as segregated reporting in their financial statements;
- 2° ensure that the business unit in charge of provision of payment services is under direct supervision of the highest management authority in the company; and
- 3° apply for the Central Bank approval of the members of the management team of the business unit in charge of the provision of the payment services. The application letter shall be accompanied with a duly filled fit & proper form as provided under the regulation governing Payment Service Providers. The form shall be filled by the members of the management team of the business unit in charge of the provision of the payment services.

In case the e-money issuer which provides other activities other than the payment services deems it necessary to incorporate a subsidiary company to offer only payment service business, the e-money issuer shall apply to the Central Bank for the separation of the business.

The applicant shall put into consideration licensing requirements as stated under the regulation governing Payment Service Providers.

Article 17 – Responsibilities of the board of directors

Without prejudice to the responsibilities of the board of directors stipulated under the Law governing companies, the board of directors of the electronic money issuer shall carry out the responsibilities provided for by this regulation.

The board of directors has the overall responsibility for promoting the sustainable growth and financial soundness of an electronic money issuer.

In fulfilling this role, the board of directors must:

- 1° approve the risk appetite, business plans and other initiatives which would have a material impact on the electronic money issuer's risk profile;
- 2° oversee the selection, performance, remuneration and succession plans of the chief executive officer, and senior management, by establishing fit and proper standards, to effectively lead the operations of the electronic money issuer;
- 3° oversee the implementation of the electronic money issuer governance framework and internal control policies, and periodically review to ensure relevance in light of material changes of the electronic money issuer operations;
- 4° promote a sound corporate culture within the electronic money issuer, which strengthens ethical, prudent, professional conduct and behaviour;
- 5° oversee and approve the business continuity plans as well as exit plan, and ensure such plans are updated;
- 6° establish board committees to support the board of directors in discharging its responsibilities;
- 7° ensure the balance of interest in particular that the company will hold funds in trust on behalf of e-money holders;
- 8° ensure Proper management of the trust funds by:
 - i. entering into valid trust account agreement with the bank or a deposit-taking microfinance institution that hold trust fund;

- ii. maintaining detailed records on the e-money account holders as may be prescribed by the Central Bank on the trust accounts. The records specified under this subparagraph shall include at least the daily cumulative balances and identification of each of the e-money account holders whose scriptural money is part of trust funds;
- iii. submit to the institution holding trust fund such records on daily basis;
- iv. file a statutory declaration certifying the accuracy of the records submitted under point (3) of this paragraph when required by the institution holding the trust fund.
- v. ensure proper accounting and disclosure of the trust fund as per the accounting and disclosure arrangements stated in this regulation.

Article 18 – Establishment of board committees

At a minimum, a non-deposit taking e-money issuer shall establish the following board committees:

- 1° board audit committee;
- 2° board Risk management committee.

Notwithstanding with the provisions of the paragraph One of this article, the establishment of these board committees shall vary according to the e-money issuer categorisation as stipulated under the regulation governing payment Service Providers.

Article 19 – Responsibilities of the board audit committee

The board audit committee shall:

- 1° provide an annual audits report of the financial statements including trust accounts;
- 2° support the board in ensuring that there is a reliable and transparent financial reporting process within the electronic money issuer;
- 3° oversee the effectiveness of the internal audit function of the electronic money issuer by:
 - i. reviewing and approving the audit plan, scope, procedures and frequency;
 - ii. reviewing audit reports, including reports of the trust fund and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;
 - iii. establishing a mechanism to assess the performance and effectiveness of the internal audit function; and
 - iv. ensure clear separation between the trust funds and the funds of the e-money issuer.

Article 20 – Responsibilities of the board risk management committee

The board risk committee shall;

- 1° support the board in overseeing the implementation of the electronic money issuers risk management framework;
- 2° establishing the responsibilities of the risk management function of the electronic money issuer;
- 3° advising the board on the e-money issuers current and future risk appetite, overseeing senior management's implementation of the risk policies, reporting on the state of risk culture in the electronic money issuers and interacting with and overseeing the Risk Officer;
- 4° ensuring proper liquidity management.

Article 21 – Behavior of members of the board of directors

The members of the board of directors while exercising their duty must ensure that:

- 1° they act solely for the benefit and best interest of the beneficiaries;
- 2° they avoid any conflict of interest between their personal interests and the beneficiaries;
- 3° they do not personally benefit or profit from the trust except as the trust permits;
- 4° they conduct the business of the trust as a prudent person would conduct his or her own business;
- 5° they do not delegate their powers to others except with regards to administrative matters which a prudent business person would delegate;
- 6° they do not favor one beneficiary over the other.

Article 22 – Criteria to assess the suitability of the board of directors

In case the e-money issuer is solely established to provide payment services, a board of directors shall consist of people with calibre, credibility, integrity, with a balance of skills, diversity, expertise, and must possess necessary qualifications.

Members of the board must fulfil the fit and proper criteria as provided under the regulation governing Payments services Providers.

In assessing the collective suitability of the board, the following skills and experience must be taken into account:

- 1° digital financial services;
- 2° business analysis;
- 3° financial reporting;
- 4° information technology;
- 5° strategic planning;
- 6° risk management;
- 7° payment systems laws and related regulations;
- 8° corporate governance; and
- 9° management skills.

Article 23 – Liquid assets requirements

The e-money issuers shall keep at least hundred per cent (100%) of the e-money float in liquid assets.

The e-money issuers shall top up in a timely manner the funds in their trust accounts if the e-money float is greater than the liquid assets.

The e-money issuer shall include in their Articles of Association to the effect that e-money owed to their customers are purely held in trust and will not be encumbered in the case of insolvency or liquidation of the e-money issuer.

The non-deposit taking e-money issuers shall on a daily basis, by not later than 4.00 p.m. Rwanda time each day, reconcile the liquid assets held by them for the redemption of e-money with the e-money value held by the customers, agents and merchants on their platforms. Any difference in the amount of liquid assets held shall be rectified by 12.00 pm the next day.

For the purposes of oversight, the e-money issuers shall submit to the Central Bank on weekly basis in the format determined by the Central Bank, all records pertaining to the above liquid assets as well as reconciliations at any time.

The reconciliations specified in paragraph four of this article shall indicate the balances of the e-money accounts grouped per category or Tier of accounts provided in this regulation.

A violation of the provisions specified under this article by the e-money issuers shall attract a penalty as prescribed under the regulation establishing administrative sanctions of the payment service providers and payment system operators.

The non-deposit taking e-money issuers shall ensure that the value of total liquid assets specified in paragraph one of this article always equals to the float.

Without prejudice to the regulation on administrative sanctions applicable to the payment systems operators and payment service providers; in case of differences, whereby the float is greater than the total value of liquid assets, the non-deposit taking e-money issuer shall be liable of a fine of three times of the difference there of identified.

The deposit-taking institutions which conduct e-money business are not subject to the liquid assets requirement under paragraph one above of this article, but are required to include e-money balances in the calculation of their statutory reserve requirement and liquidity requirement as prescribed by the Central Bank

Article 24 – Protection of the the trust fund

The balance of the trust accounts shall not be subject to attachment or seizure or subject to any charges.

The balance of the trust accounts shall not at any time be negative.

The trust funds shall not in any case be a collateral.

For purposes of trust funds isolation, an e-money issuer shall:

- 1° ensure all monies received are held in a trust account or special account;
- 2° ensure the balances in the trust account or special account shall not at any time be less than what is owed to customers;
- 3° not transfer the funds to its own account used for normal business operations. In case e-money issuer acts as a merchant, the transfer of its funds from trust account to its own account shall be done in accordance with the provisions of this regulation;
- 4° report on the transfer specified in the point 3° of this paragraph to the Central Bank on weekly basis;
- 5° not commingle the trust account by non-deposit taking e-money issuers with the funds of any person other than the e-money holders on whose behalf the funds are held; and
- 6° employ appropriate risk mitigation strategies to ensure that the funds held in the trust account are sufficiently diversified and placed in financial institution authorized by the Central Bank.

The Central Bank may put other safeguarding and trust fund isolation measures to protect trust accounts or funds.

Article 25 – Diversification of trust funds in financial institutions

In the interest of mitigating exposure to any deposit-taking financial institution, the non-deposit taking electronic money issuer shall diversify the placement of the funds received in exchange of the e-money issued, in accounts maintained at several financial institutions taking into account their risk profile.

The trust funds held with any one institution on behalf of a given non-deposit taking e-money issuer shall not exceed twenty percent (20%) of the total trust fund held by the e-money issuer computed at all time. Whenever the threshold is exceeded, the non-deposit taking e-money issuer must place any excess float in another deposit-taking financial institutions.

For the purpose of the provisions of the paragraph one of this Article, the terms and conditions of the trust account shall require the e-money issuer to promptly carry out checks to ensure that excess float is placed in another deposit-taking financial institution when the threshold is exceeded. To implement this, the deposit-taking financial institution holding trust accounts shall facilitate the non-deposit taking e-money issuer access to such trust accounts, to ensure appropriate balancing of accounts.

An institution holding trust funds shall indicate on its records for a trust account, that the e-money issuer on behalf of the named beneficiaries holds the account.

Article 26 – Trust account and special account

An electronic money issuer shall not issue electronic money without opening a trust account or a special account in accordance with this regulation.

Subject to paragraph one of this article, an electronic money issuer who is:

- 1° a non-deposit taking e-money issuer shall be required to open and maintain a trust account in a bank or deposit-taking microfinance institution;
- 2° a deposit-taking financial institution shall be required to open and maintain a special account.

An e-money issuer referred in item two above shall:

- 1° open a special account to maintain funds deposited by non-deposit taking e-money issuers account holders who have been issued with electronic money;
- 2° ensure that the account has records of the customers issued with electronic money;
- 3° ensure that the special account is protected from risks that may occasion loss to beneficiaries of the funds; and
- 4° comply with any other requirement as the Central Bank may require.

Article 27 – Establishment of a Trust

The e-money issuer shall establish a trust through a written declaration of trust that:

- 1° it holds the trust fund on behalf of the beneficiaries;
- 2° the trust funds are managed by the e-money issuer subject to the powers conferred upon in this regulation;
- 3° withdrawals made from the fund shall only be for purposes as stated by this regulation.

Article 28 – Content of the written declaration

The written declaration specified under article 27 of this regulation shall at minimum contain:

- 1° name of the corporate trustee that is an e-money issuer;
- 2° object of the declaration;
- 3° trust fund;
- 4° rights of beneficiaries;
- 5° duties and responsibilities of the board of directors in relation to management of trust fund;
- 6° duration of the trust;
- 7° governing law of the trust;
- 8° handling of dormant accounts;

9° handling of the deceased person account.

The e-money issuer shall seek prior approval from the Central Bank regarding the written declaration under the following circumstances:

- 1° signing of the written declaration;
- 2° any material change made to the written declaration.

The written declaration shall be registered in accordance with the provisions of the Law governing Trusts in Rwanda.

Article 29 – Compliance Requirements

An e-money issuer shall put in place systems that have built-in control mechanisms for a complete audit trail. These control mechanisms include, but are not limited to:

- 1° complete records of e-money accounts opened;
- 2° identifying e-money holders;
- 3° recording the identification number of the device that is used to perform a transaction;
- 4° tracking and monitoring of all e-money transactions undertaken by e-money customers and aggregate balances held by e-money holders;
- 5° internal policies, procedures and accountability structures pertaining to:
 - i. management of Information Technology infrastructure;
 - ii. safety and efficiency of the operations of e-money business;
 - iii. human resources management; and
 - iv. anti-money laundering and Combating Financing of Terrorism;
- 6° automatic alerts and flags on suspicious transactions.

E-money issuers shall ensure that they have systems that provide adequate data protection and data integrity.

Article 30 – Record keeping

An e-money issuer shall keep appropriate records for a period of ten (10) years. Such records include but are not limited to:

- 1° identification of e-money holder;
- 2° communications with e-money holder including user statements;
- 3° transaction records;
- 4° calculations of average outstanding e-money;
- 5° reconciliations of users' funds;
- 6° files maintained on the Agents appointed to provide payment services;
- 7° customer due diligence undertaken and relationship management;
- 8° records regarding management of Trust accounts;
- 9° financial Audit Reports;
- 10° internal Audit Reports;

- 11° compliance Reports;
- 12° complaints record and handling.

Article 31 – Approvals and specific reports

The e-money issuer shall request for Central Bank approval for the following cases:

- 1° material changes of any of the items required to be included in the licensee's application;
- 2° any transfer of a significant shareholding of the e-money issuer, which solely provide the business of payment services.

Every non-deposit taking e-money issuer shall get its books of accounts and IT systems audited and, within four months of the close of the financial year, submit to the Central Bank the following:

- 1° a copy of the auditor's report;
- 2° separate audited financial statements for the trust accounts;
- 3° a system security audit report by a reputable independent audit firm on its payment services;
- 4° any other information required by the Central Bank with respect to its payment services.

Article 32 – Collaboration with the Central Bank

To ensure collaboration with the central Bank, each e-money issuer shall notify the Central Bank of any:

- 1° commencement of any significant legal proceedings by or against the e-money issuer;
- 2° any situations which impact or potentially impact on the e-money issuer to a significant extent. Such situations include but are not limited to:
 - i. situations that affect the finances of the e-money issuer;
 - ii. situations that affect the day-to-day services rendered by the e-money issuer.
- 3° the imposition on the e-money issuer of fines by another supervisory authority; or
- 4° on inspection and or an audit to the e-money issuer by another supervisory authority.

Article 33 – Business continuity management

The e-money issuer shall;

- 1° maintain proper backup infrastructure;
- 2° implement a disaster recovery and business continuity plans; and
- 3° periodically test the effectiveness of the backup infrastructure and business continuity plans.

Save the provision of this article paragraph one, the e-money issuer shall comply also with requirements of the regulation on business continuity management and operational resiliency for regulated institutions.

Chapter V

Operational arrangements

Article 34 – Permitted and prohibited activities

In addition to issuing e-money, a non-deposit taking e-money issuers may engage in the provision of payment services, where the conditions of applicable rules are met. In particular, the non-deposit taking e-money issuers may engage in any of the following activities:

- 1° domestic payments;
- 2° inward and outward international fund transfers or payment in partnership with the authorised foreign exchange service providers;
- 3° domestic money transfers, including to and from accounts held in financial institutions
- 4° bulk payment transactions;
- 5° cash-in and cash-out transactions;
- 6° over-the-counter transactions;
- 7° savings products in partnership with regulated banks and other deposit-taking institutions;
- 8° credit products in partnership with duly licensed financial institutions;
- 9° insurance products in partnership with a duly licensed insurer;
- 10° any other operation or activity the Central Bank may prescribe.

The Central Bank may, by Directive, restrict the permissible activities of e-money issuers or remove the restrictions so imposed as it considers appropriate.

Article 35 – Issuance and redeemability

E-money issuers shall issue e-money at par value on the receipt of funds.

E-money issuers shall, upon request by the e-money holder, redeem, at any moment and at par value, the monetary value of e-money held.

Without prejudice the paragraph 2 of this article, redemption may be subject to a fee if clearly stated in the contract between the e-money issuer and e-money holder.

For the purpose of this article, the e-money issuers shall always ensure that the float that was redeemed is completely deallocated from the e-money system on the same day when correspondent debit transaction was done in the institution holding the trust fund.

Article 36 – Transaction and balance limits

An e-money issuer shall ensure that the e-money account holder's wallet and transaction limit adopted is commensurate with the purpose and size of the transaction.

An electronic money issuer shall ensure adequate security and operational safeguards are in place to mitigate any risks associated with the use of e-money within the specified wallet limit.

An electronic money issuer shall obtain the Central Bank's prior written approval if the wallet limit exceeds fifty million Rwandan francs (FRW 50,000,000).

Article 37 – Over-the-counter transactions

The over-the-counter transactions shall be permitted only after that customer has satisfied the requirements specified in the directive issued by the Central Bank and other requirements specified in this regulation.

E-money issuers shall in all instances of over-the-counter transactions be required to capture under separate fields in their system at least the following information on the customer who is sending money:

- 1° name;
- 2° telephone number and e-money account number; and
- 3° the ID number or passport number.

The e-money issuers shall in all instances of over-the-counter transactions promptly notify the receiver that the expected sender has transferred the amount, and the sender will obtain the notification that the money was received successfully.

Article 38 – Prohibition of interest on trust account

Trust account and related individual e-money account are only used for the purpose of facilitating payment services. As such, interests on trust account and interests on individual e-money account are prohibited unless the latter is explicitly used as a saving account.

Article 39 – Accounting and disclosure of trust funds

Every e-money issuer shall keep such records and accounts as are necessary to enable them at any time and without delay to distinguish funds held for one user from funds held for any other user and from the funds of the e-money issuer.

For the purpose of ensuring clear separation of the trust funds from the electronic money issuer assets, the trust funds shall not be included in the primary statements of the electronic money issuer. The trust funds shall be presented at the bottom of the Statement of Financial Position with disclosures in the notes of the financial statements.

The following disclosures of trust funds shall be made in the notes to the financial statements:

- 1° the nature of the trust funds;
- 2° the financial institutions holding the trust funds;
- 3° statement of comprehensive income of the trust funds;
- 4° statement of financial position of the trust funds; and
- 5° for any cash or cash equivalents belonging to the trust funds.

To ensure proper disclosure of trust funds, the e-money issuer shall publish audited financial statements for the trust accounts within four (4) months following the end of every financial year in at least one newspaper of wide circulation and on its website.

Article 40 – Settlement of transactions

In case a non-deposit taking e-money issuer holds the trust funds with more than one deposit-taking institution, all settlement transactions between the respective accounts shall be settled through the interbank payment and settlement system operated by the Central Bank.

Article 41 – Transaction notification

The e-money issuer shall promptly issue to the customer who performs an e-money transaction, a notification on any transaction processed within the service money system.

Subject to the paragraph One of this article, a notification shall have, at a minimum, the following features:

- 1° transaction amount;
- 2° transaction type;
- 3° transaction date and time;
- 4° all applicable fees and charges to the transaction;
- 5° agent identification details, where applicable; and
- 6° a unique transaction reference number.

The e-money issuer system shall produce error message to the payer for every failed transaction indicating the reason for such error.

The cost of processing any transaction, including electronic funds transfer instructions whether through SMS or any other means within the service-money system, shall promptly announce to the customer prior the authentication of transaction and be denominated in Rwandan Franc.

Article 42 – Technology to be used

The technology used for e-money services shall be secure and ensure confidentiality, integrity, authenticity, and non-repudiation. The technology implemented for e-money services shall comply with the technology and security standards by the cybersecurity regulation.

Chapter VI Miscellaneous, transitional and final provisions

Article 43 – Transitional provision

The licensed non-deposit taking e-money issuer shall implement the provisions of the articles 27 and 28 of this regulation within a period of one (1) year from the date this regulation comes into force.

The licenses of the institutions mentioned in the paragraph one of this article may be suspended for a period of three (3) months upon the expiration of the transitional period specified in paragraph one of this article.

In case the non-compliance persists after the suspension period as mentioned in paragraph 3 of this article, the Central Bank may revoke the licenses of the institutions mentioned in the paragraph one of this article.

Article 44 – Administrative sanctions

The e-money issuer that violates the provisions of this regulation shall be subject to administrative sanctions provided for in the specific regulation on administrative sanctions applicable to payment service providers.

Article 45 – Repealing provision

The regulation n° 08/2016 of 01/12/2016 governing the electronic money issuers and all prior regulatory provisions inconsistent with this regulation are hereby repealed.

Article 46 – Commencement

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