



Central Bank of Myanmar
Regulation on Mobile Financial Services
(FIL/R/01/03-2016)
(March 30, 2016)

In exercise of the powers conferred under Section 132 and 184 of the Financial Institutions Law, 2016 the Central Bank of Myanmar hereby issues the following Regulations in order to create an enabling regulatory environment for efficient and safe mobile financial services in Myanmar.

CHAPTER 1
Title, Application and Definition

1. These Regulations shall be called the Mobile Financial Services Regulation.
2. These regulations shall apply to the Mobile Financial Services Provider.

Definition

3. For the purposes of these regulations, the following expressions shall mean-
 - (a) “mobile financial services” (MFS) means the provision of payments and financial services through the use of mobile technology infrastructure;
 - (b) “mobile financial services provider” (MFSP) means a mobile network operator or a non- bank financial institution that is granted Registration Certificate by the Central Bank under these regulations to provide mobile financial services;
 - (c) “agent” means a person that has been contracted by a MFSP to provide mobile financial services to its end customers on behalf of the MFSP under an agency agreement;
 - (d) “agency business” means the provision of mobile financial services to end customers by an agent on behalf of a Mobile Financial Services Provider (MFSP);
 - (e) “agency agreement” means the contractual arrangement between a MFSP and the agent providing mobile financial services to end customers;
 - (f) “float” means the total outstanding MFS account liabilities of a MFSP to its customers at any point in time; stored in the trust account at a bank;
 - (g) “customer” means a natural person or body corporate who conducts MFS transactions with or without opening a MFS account;
 - (h) “merchant” means a person who trades in goods and services for profit;
 - (i) “mobile financial services account” (MFS account) means a store of value provided by a MFSP for the purposes of conducting MFS transactions;
 - (j) “mobile network operator” (MNO) means an entity licensed under the Telecommunications Law.

CHAPTER 2

Registration Certificate for MFS

4. Only a person being a company set up solely for the purposes of carrying out mobile financial services (applicant), may apply to the Central Bank for a registration certificate to provide mobile financial services. This provision shall not apply to the commercial bank.

Requirements for Application

5. The applicant shall –
- (a) have a minimum capital of three billion kyat;
 - (b) submit the following documents and information to apply for a registration certificate to the Central Bank-
 - (1) an application fee of 0.1 percent of the minimum capital;
 - (2) details on the nature and functionality of the mobile financial services operations;
 - (3) proposed types of mobile financial services to be offered;
 - (4) proposed business plan for a minimum of coming three years including information such as, geographical coverage, agent network, proposed range of fees and charges and staffing;
 - (5) details of the board of directors and senior managers of the applicant including, compliance with the fit and proper requirements;
 - (6) in the case of MNO, a letter of no objection from the Ministry of Communication and Information Technology and in the case of a non-bank financial institutions, a no-objection letter from the primary regulator of that entity; and
 - (7) such other information and documents as the Central Bank may require to consider the application.
6. The Central Bank shall process the application and make a decision to approve or reject the application within ninety days from receipt of a complete application.

Fees and Charges

7. In order to avoid the market monopolization, the Central Bank may from time to time, if necessary, prescribe the range of fees and charges that can be imposed by a MFSP.

CHAPTER 3

Appointment of Agent and its Duties and Functions

Agent Appointment Requirements

8. (a) The MFSP shall provide the Central Bank the following information about a person (natural or legal) appointed as agent within two weeks of appointment-
- (1) the name of the agent;
 - (2) the physical location, GPS co-ordinates;
 - (3) contact details of the agent; and

- (4) any material variations in the terms and conditions to the standard agency agreement;
- (b) The MFSP shall notify the Central Bank of any change of the information mentioned in paragraph (a) within two weeks of such change.

Use of Agents and Central Bank Requirements

- 9. (a) A MFSP -
 - (1) may utilize agents as additional or sole interface to serve its customers;
 - (2) is not permitted to practice agent exclusivity;
 - (3) is legally responsible for the actions of its agent to the extent that they relate to the conducting of MFS transactions and matters connected therewith;
 - (4) shall submit to the Central Bank, an internal audit report regarding its internal controls, after 6 months of its commencement of mobile financial services operation;
 - (5) shall make public, the list of its agents and the authorized activities of the agents, and fee charged by agents for mobile financial services;
- (b) A MFSP seeking to utilize agents shall submit the following information to the Central Bank:
 - (1) the proposed geographical coverage of agents over a three-years period;
 - (2) the MFSP's agent due diligence policy and procedures;
 - (3) the services to be provided through agents;
 - (4) a copy of the draft standard agency agreement;
 - (5) the policies and procedures applicable to the provision of services through agents;
 - (6) a risk assessment report of the operations to be performed through the agents including the mitigating measures to be adopted in order to control the risks identified;
 - (7) agent operational policies and procedures; and
 - (8) any other information the Central Bank may deem necessary.
- (c) Based on the information provided under paragraph (b), the Central Bank shall grant the authorization to use agents for the delivery of mobile financial services;
- (d) Agents shall ensure that the customers are fully informed of the MFSP the agent is acting for and the type of services provided on behalf of the MFSP;
- (e) Agents shall not charge customers any fee other than the fees authorized by the MFSP; and
- (f) Agents shall provide customers the list of fees and charges imposed upon account opening and display conspicuously the same in the agent's outlet.

CHAPTER 4

The Duties of MFSP

MFSP Systems and Internal Controls

- 10. Every MFSP must ensure that the following minimum systems and internal controls are in place in respect of mobile financial services-
 - (a) sound and prudent management, administrative and accounting procedures and adequate internal control systems;

- (b) internal policies, procedures and accountability structures pertaining to Anti-Money Laundering Law and Counter Terrorism Law;
- (c) adequate business continuity and disaster recovery plan; and
- (d) effective audit function to provide periodic review of the security control environment and critical systems.

Trust Account and Fund Segregation Requirements

11. Every MFSP shall keep 100 percent of the float in a trust account at the bank consisting of liquid assets and it shall remain unencumbered and not be commingled at any time with any others funds of the MFSP.
12. (a) For the purposes of these regulations, liquid assets can consist of-
- (1) current account held at commercial banks in Myanmar approved by the Central Bank, provided that such deposit shall be held separately from cash balances or deposits relating to other operations of the MFSP; and
 - (2) any other asset approved by the Central Bank.
- (b) The returns or interest earned from the liquid assets in the trust account, shall be declared to the Central Bank on an annual basis and be utilized for the benefit of customers as approved by the Central Bank.
- (c) The Central Bank may set a limit on the number of MFS accounts in a pooled account in any one bank held on behalf of a MFSP.

Reconciliation of Trust Account

13. Every MFSP shall on an ongoing basis, but by no later than 4.00 pm each day, reconcile the balance in the trust account against the float.
14. (a) Every MFSP shall rectify any deficiencies in the amount of liquid assets in the trust account by 12.00 pm the next day;
- (b) Every MFSP shall be prohibited to open new MFS accounts until the deficiencies referred to in paragraph (a) is rectified.

Conditions on Mobile Financial Services Accounts

15. (a) A MFSP shall-
- (1) transact MFS accounts and transactions in Myanmar Kyat only; and
 - (2) be subject to the agreement signed between the account holder and the MFSP.
- (b) MFSPs shall, upon request by a MFS account holder, redeem, at any time and at par value, the money held in the MFS account.
- (c) Redemption may be subject to a fee or charge if agreed in the agreement between the MFSP and MFS account holder.

Permitted Mobile Financial Services Transactions

16. (a) MFSP is allowed to offer the following services:
- (1) Opening and maintaining MFS accounts;
 - (2) Cash-in/cash-out transactions to/from MFS accounts;

- (3) Money transfer between MFS Accounts;
 - (4) Domestic payments between individuals;
 - (5) Domestic payments between government and individuals;
 - (6) Domestic payments between business and individuals;
 - (7) Domestic payments between businesses;
 - (8) Any other transactions as the Central Bank may authorize from time to time.
- (b) MFS accounts of the MFSP may be linked to bank accounts and transactions can be carried out between these accounts.

CHAPTER 5

MFS Accounts and AML/CFT Requirements

Transaction Limits and Know Your Customer and Customer Due Diligence (KYC/CDD) Requirements

17. (a) For the purposes of AML/CFT requirements, MFS accounts are categorized into three levels- Level 1 and Level 2 for individuals, and Level 3 for registered legal entities.
- (b) The KYC/CDD requirements are required and proper record keeping is necessary for all account opening.
- (c) The following KYC/CDD requirements and conditions must be met for account opening and balances and MFS transaction-

Tier	KYC/CDD	Cumulative Transaction Limits Per Day	Cumulative Transaction Limits Per Month	Maximum Balance Limit
Level 1 (individuals only)	presentation of ID (the national ID is first priority, driving license is second priority or passport)is required if and when necessary	50,000 Kyat	1 million Kyat	200,000 Kyat
Level 2 (individuals only)	SIM registration or (the national ID is first priority, driving license is second priority or passport) is required to submit	200,000 Kyat	5 million Kyat	1 million Kyat
Level 3 (for registered businesses only)	Business registration certificate, identification requirements for opening bank accounts	1 million Kyat	50 million Kyat	10 million Kyat

- (d) The MFSP and its agents shall ensure compliance KYC/ CDD requirements imposed by the Central Bank.
- (e) The Central Bank may revise the cumulative transaction limits and maximum balance limits from time to time.

- (f) If a MFS account holder has more than one account with the MFSP, the aggregated balances and transactions across all the accounts shall not exceed the limits stipulated for the respective level of the accounts.
- (g) Payments to merchants and financial institutions and payments of utility bills, taxes or government fees shall not count towards the above-mentioned account limits.
- (h) MFSP must validate the information provided during SIM registration against the MNOs' SIM registration database within 48 hours of the opening of the MFS account.
- (i) MFS accounts must be suspended when discrepancies are identified and resolved.
- (j) In the event, the discrepancies in the MFS account cannot be resolved within a reasonable time, the MFS account shall be closed.

CHAPTER 6

Oversight of Mobile Payment and Settlement System

Technological Standards

- 18. (a) MFSP shall comply with technological standards prescribed by the Central Bank and Ministry of Communication and Information Technology.
- (b) MNO shall not discriminate the information and communication service it provides to the MFSP.

Safety, Soundness and Efficacy

- 19. MFSP shall ensure the following in the provision of mobile financial services-
 - (a) appropriate authentication process for users and mobile financial transactions;
 - (b) adequate security features of the mobile financial services system; and
 - (c) efficiency and efficacy of the mobile financial services.

Oversight by Central Bank

- 20. (a) MFSP shall ensure compliance with these regulations and the oversight and regulatory requirements of the Central Bank.
- (b) The Central Bank may examine the books and records and the mobile financial systems and databases of the MFSP to ensure compliance of the aforesaid requirements.
- (c) The Central Bank may access the books and records and systems and databases of related agents, partners, service providers, or outsourced entities of the MFSP in view of ensuring compliance of the aforesaid requirements.
- (d) MFSP shall be responsible for monitoring and supervising the activities of their agents and ensure the following-
 - (1) obtain information on the numbers and volumes of transactions carried out for each type of services provided by each agent;
 - (2) monitor effective compliance of risk management requirements, limits and other prudential measures imposed by the Central Bank and MFSP.

Reporting

21. (a) Every MFSP shall submit reports to the Central Bank as may be required by the Central Bank.
- (b) Every MFSP shall submit a copy of the annual audited accounts to the Central Bank within three months of the close of its financial year.
- (c) Any substantial change or enhancement in the MFS payment system which an MFSP intends to introduce shall be subject to the approval of the Central Bank and the MFSP shall notify the Central Bank in writing 30 days prior to the proposed implementation of the change or enhancement.

Notification

22. (a) A MFSP shall notify the Central Bank in writing promptly, but no later than two business days if of the following events:
- (1) any indications of suspected or confirmed fraud relating to the MFS service,
 - (2) any security breaches, any material service interruption or other significant issues that may affect the safety and efficiency of the MFS service,
 - (3) outages of the MFS system that lasted more than 2 hours;
 - (4) any indications of loss of confidential data of the MFS system; and
 - (5) any other events that may be prescribed by the Central Bank.
- (b) The MFSP shall notify the Central Bank of any change of the information mentioned in paragraph (a) within two weeks of such change.

Record Keeping

23. (a) MFSP shall maintain accurate and complete records of MFS accounts, the identity of customers, agents, transactions undertaken by customers, and the individual balances held by customers and liquid assets in the trust account.
- (b) These records shall be kept for a period of at least five years.

Non Compliance and Sanctions

24. (a) In the event a MFSP fails to comply with the requirements of this regulation and the oversight and regulatory requirements of the Central Bank, the Central Bank may-
- (1) require the immediate rectification of the non-compliance
 - (2) require changes to the business rules and operational procedures of a MFSP;
 - (3) issue a cease and desist order for public policy reasons; and
 - (4) revoke the registration certificate to carry on mobile financial services.
- (b) The Central Bank shall give a MFSP written notice of the non-compliance and required immediate action on the part of the MFSP. Provided however, that no prior notice is required in the case of a cease and desist order under paragraph(a) (3).
- (c) The MFSP shall comply with the notice promptly and take necessary action to deal with the non-compliance or make the necessary changes to the rules and operational procedures of the MFSP as required.
- (d) In the event the MFSP is unable to deal with the non-compliance or make the required changes within 14 days, it shall provide the reasons and plan of action to the Central Bank.

- (e) After receiving the submission under sub-paragraph (d) the Central Bank may consider the reasons and plan of action and provide a further 14 days to deal with the non-compliance or make the required changes.
- (f) The Central Bank may revoke the registration certificate given under paragraph (6) if the non-compliance is not dealt with or required changes have not been made, to the satisfaction of the Central Bank.
- (g) A MFSP may appeal against the cease and desist order issued under sub-paragraph(a)(3) to the BOD of Central Bank within 14 days and the Central Bank may decide to revoke, revise or retain the order.
- (h) The decision made by the Central Bank on any appeal shall be final.

CHAPTER 7

Customer Protection

Customer Agreement

25. (a) MFSP shall enter into a written agreement, physical or electronic, with every MFS account holder for whom they open an account.
- (b) The agreement shall at minimum:
- (1) identify the account holder;
 - (2) provide clear guidance on the account holders' right of redemption and ownership of value held in their accounts; and
 - (3) include information on available redress procedures for complaints together with the address and contact information of the MFSP.

Disclosure

26. (a) MFSP shall ensure that prospective customers understand the key features of the products and services offered.
- (b) The marketing of mobile financial services shall be based on the general principles of honesty and transparency.
- (c) The addresses, telephone numbers and e-mail address of the MFSP must be included in all marketing materials of the MFSP.
27. (a) Each MFSP shall provide a list consisting of name and location of all its customer service points and its agents and a description of its mobile financial services products to its customers either through its website or in a mode that is accessible by its customers.
- (b) Each MFSP shall make available information on all fees and service charges for mobile financial services transactions to its customer and display the same prominently at all its customer service centers as well as the premises of its agents.
- (c) Each MFSP shall display the address, telephone lines, and e-mail address of the mobile financial services complaints resolution desk prominently at its service centers and agent locations.
- (d) Each agent must be allocated a unique ID number by the MFSP and such number must be prominently displayed at its agent locations.

Notification to Customer

28. (a) Customers shall be notified immediately of all MFS transactions on their accounts via electronic notification or a system-generated physical receipt providing the following information:
- (1) transaction amount;
 - (2) transaction type;
 - (3) any fees charged; and
 - (4) unique transaction reference.
- (b) Customers must be allowed access to all records of their mobile financial services transactions, which must be made available electronically or in hard copy free of charge, for records under 60 days old.

Confidentiality

29. Each MFSP and its agents and intermediaries if any, shall ensure privacy and confidentiality of customer information and data.

CHAPTER 8
Complaint Procedures

30. MFSP shall set up effective process and procedures to enable customers to submit complaints in respect of mobile financial services transactions.

Complaint Procedures

31. At minimum, the complaints procedures must-
- (a) provide easily understood information about the customer care system that is accessible during normal and after business hours;
 - (b) allow for complaints to be lodged orally or in writing;
 - (c) duration within which the complaint must be lodged; and
 - (d) provide for complaints to be resolved within 5 business days from the date of receipt of complaint.
32. (a) In the case where a complaint is not resolved within 5 business days, an additional 10 business days can be taken to resolve the complaint provided the customer is informed of the same.
- (b) MFSP shall acknowledge a complaint filed by the customer and provide a reference number and sufficient information to enable the complainant to inquire the progress of the complaint.
- (c) MFSP shall advise the complainants of the outcome of the investigation of their complaint, and any resulting decision of the MFSP.
- (d) Where a customer is not satisfied with outcome of a complaint, the MFSP shall give the customer the right to pursue an identified escalation process to examine outcome.

Submission of Information on Complaints

33. MFSP shall submit to the Central Bank, details and outcome of the complaints made by mobile financial services customers every six month.

CHAPTER 9

General

34. (a) A commercial bank seeking to conduct mobile financial services shall apply to the Central Bank for product approval;
- (b) Provisions of these regulations shall apply to commercial bank in so far as they do not conflict with the Financial Institutions Law.

35. MFSP shall implement mobile financial services that is able to provide interoperable services with other MFSPs at various level of interoperability suitable to the market demands including at agent, customer or mobile platform level.

36. A MFSP and its agents shall not at any time, whether through its marketing material, logo, signage or activities whatsoever, give the impression that it is a bank licensed under the Financial Institutions Law, 2016.

37. Non compliance of these regulations shall constitute an offence under the Financial Institutions Law.

(Sd.) Kyaw Kyaw Maung
Governor