



THE STATE REGISTRY OF LEGAL ACTS OF THE REPUBLIC OF AZERBAIJAN

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In order to support recent technological innovations introduced on payment cards, apply innovative products and services, as well as strengthen the risk management system, the Management Board of the Central Bank of the Republic of Azerbaijan, based upon Articles 22.0.17 and 44.3 of the Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan

D E C I D E S:

1. make changes to the Regulations on issue and usage of payment cards (attached);
2. bring into effect Section 13 and Para 5 of Section 15 of the changes to the Regulations on issue and usage of payment cards from 1 January, 2015, Paras 3 – 8 of Section 27 from 1 July 2015, while other provisions – one month after the date this Decision is included to the State Registry of Legal Acts of the Republic of Azerbaijan;
3. assign the Legal Department to ensure delivery of the Decision to the Ministry of Justice to have it included to the State Registry of Legal Acts of the Republic of Azerbaijan within 3 days.

Chairman
Rustamov

Elman

Approved

The Central Bank of the
Republic of Azerbaijan

Decision # 15/2

23 June 2014

Changes to the Regulations on issue and usage of payment cards

Make the following changes to the Regulations on issue and usage of payment cards approved at Decision # 16/s dated 10 July 2012 of the Management Board of the Central Bank of the Republic of Azerbaijan:

1. replace the word ‘with the bank’ with the word ‘with the issuer’ in sub-item 2.1.7.
2. add the words ‘electronic carrier (chip) and/or magnet tape’ after the word ‘information’ and delete the word ‘to the card’ in sub-item 2.1.19.
3. replace the full point at the end of sub-item 2.1.10 with a semicolon and add sub-items 2.1.21 and 2.1.22 with the following content:
 - ‘2.1.21. **contactless payment** – operation, made by waving a card with embedded radio-frequency identification by a card user over POS-terminal;
 - 2.1.22. **real-time mode** – moment a transaction takes place.’
4. delete the words ‘(except for prepaid and corporate cards)’ from Item 3.3.
5. delete the words ‘and the cardholder’ from sub-item 3.3.1.
6. replace ‘the order of settlement’ with ‘referred exchange rate and, if applied, service fee on currency exchange’
7. add the words ‘(including terms and conditions to maintain operations in countries where the internationally accepted liability shift rule is not applied)’ after the word ‘the requirements’ in

sub-item 3.5.6.

8. add the words ‘appeals on use of cards and other related appeals, including appeals’ before the words ‘groundless’ in sub-tem 3.5.11.

9. replace the words ‘a closed envelope with ‘a PIN-code’ in sub-item 3.5.12.

10. edit sub-item 3.5.13 as follows:

‘3.5.13. secure use of a PIN-code and, if applied, the order of setting and changing the PIN-code;’

11. add sub-item 3.5.14. with the following content:

‘3.5.14. if applied, limits, established on daily and/or cash operations’.

12. edit sub-item 3.8.3 as follows:

‘3.8.3. comply with the requirements specified in Section 7 excluding Item 7.8 herein;’.

13. add sub-item 3.8.4. with the following content:

‘3.8.4. take measures to identify a card holder with the code by the issuer (or card organization) on authorization of real time payments made over Internet) ’.

14. replace the word ‘should maintain’ with ‘shall identify’, and add ‘as well as store these data at least for 18 (eighteen) months’ to the last sentence of Item 3.9.

15. replace the full point at the end of sub-item 3.11.2 with a semicolon and add sub-items 3.11.3, 3.11.4, 3.11.5, 3.11.6 and 3.11.7 with the following content:

‘3.11.3. render acquiring service to cards with embedded e-carriers (chips), along with magnet tapes in ATMs, POS-terminals and other equipment served by the acquirer.

3.11.4. render acquiring service on cards with embedded e-carriers (chips) except for the cases specified in Item 6.6. herein, as well as operations conducted without physical production of cards to vendors (including MOTO – Mail order/Telephone order, Manual POS Keyentry).

3.11.5 supply the merchant or the relevant public authority with the POS-terminal equipped with software at least in the official language of the Republic of Azerbaijan.

3.11.6. render acquiring service to cards with both e-carriers (chips) and magnet tapes on ATM operations only based upon identification data in card's electronic carrier (chip

3.11.7. comply with the requirements specified in Item 7.8 here.'

16.annul items 4.2 and 5.3.

17.delete the second sentence of Item 5.4.

18.edit Item 5.6 as follows:

'5.6The volume of reloadable non-personalized (whose user is not identified) prepaid cards, per card may not exceed 50 (fifty) manat or equivalent, while its lifetime may not exceed 5 (five) years. At that, the volume of debiting operations per card over one calendar year may not exceed 1.000 (thousand) manat or equivalent.'

19.edit Item 5.7 as follows:

'5.7. The lifetime of a reloadable prepaid card, personalized (whose user is identified), shall not exceed 5 (five) years, while the value of annual turnover per card shall not exceed AZN 10000 (ten thousand) or equivalent.'

20.add the words '(this information should be provided at least in the official language of the Republic of Azerbaijan)' after the word 'shall exhibit in Item 6.2.'

21.replace the word 'receipt' with the word 'document' in sub-item 6.2.2..

22.replace the word 'receipt' with the word 'document' in Item 6.3..

23.add Items 6.5, 6.6 and 6.7 with the following content:

'6.5. Contactless payments with cards shall only be made with means of supportive equipment.

6.6. If the issuer (or acquirer) does not set a lower limit, operations via POS-terminals amounting to 20 (twenty) manat and over shall be conducted entering the PIN-code.

6.7. Cash withdrawal via ATMs, POS-terminals and other devices with cards shall only be provided by entering the PIN-code by a card user.

24.add the words ‘in real time’ to Item 7.1 and replace the words ‘management system’ with the words ‘management software’.

25.replace the word ‘regularly’ with the words ‘in real time’ in the first sentence of Item 7.2.

26.replace the words ‘and description of document’ with the words ‘the order of’.

27.add Items 7.7, 7.8 and 7.9 in the following content:

‘7.7. Cards shall be personalized by an issuer (or local card organization) based upon personalization data developed by an issuer (or local card organization).

7.8. Acquirer owned ATMs should meet at least the following requirements:

7.8.1. at least one disguised camera enabling to clearly shoot a card user’s face should be installed within the ATM. Camera shots should be recorded and stored for at least 6 (six) months;

7.8.2. a dedicated intrusion detector should be installed to prevent intrusion to ATM’s card reader;

7.8.3. internal software should be protected with a licensed antivirus program;

7.8.4. ATMs installed in open areas should additionally be equipped with vibration sensors and heat detectors;

7.8.5. not less than 2 (two) meter area in front of (around) the ATMs installed in open locations should be clearly lit during dark hours (from sunrise to sundown).

7.8.6. Collection, processing, transfer, and clearing of card operations shall be provided by issuers, local or international card organizations (Visa Inc., MasterCard

Incorporated, UnionPay International, American Express Company, DISCOVER FINANCIAL SERVICES, JCB Co., Ltd.).’

Regulations on issue and usage of payment cards

1. General Provisions

These Regulations have been developed in accordance with Article 44 of the Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan, as well as Article 32 of the Law of the Republic of Azerbaijan on Banks and determine rules of issue and usage of payment cards in the territory of the Republic of Azerbaijan.

2. Definitions

2.1. The definitions used in these Regulations bear the following meanings:

2.1.1. **Payment card (hereinafter - card)** – a payment tool used to effect cashless payments and withdraw cash funds;

2.1.2. **issuer** – a legal entity that issues cards, serves cardholders, authorizes card operations (itself or by card institutions) and pays the value of executed transactions to the acquirer;

2.1.3. **cards issue (hereinafter - issue)** – putting cards into circulation by issuer;

2.1.4. **acquirer** – a legal entity that ensures acquiring;

2.1.5. **acquiring** - service rendered on maintenance of settlements with customers when providing trade, household and other type of services or payment of taxes and state duties and fees for services (works) rendered by public authorities on the basis of an agreement entered into by and between an merchant or a public structure, or withdrawing cash funds by cardholder;

2.1.6. **card account** – a current bank account opened to maintain accounting of card operations;

2.1.7. **owner of card account (hereinafter – cardholder)** – an individual or a legal entity that entered into an agreement with an issuer, entitled to dispose of a card account;

2.1.8. **card user** – a cardholder or a person entitled to use the card;

2.1.9. **merchant** – person that receives cards as a payment facility to conduct settlements with customers when rendering relevantly trade, household and other type of services based upon the agreement entered into with the acquirer;

2.1.10. **authorization** – obtaining permits from the issuer or the card institution it is served by to conduct operations through usage of the card;

2.1.11. **POS-terminal** – equipment used for maintenance of cashless operations as well as cash withdrawals via cards;

2.1.12. **ATM (automated teller machine)** – software and hardware used for payments, withdrawal and acceptance of cash funds, as well as usage for other banking services;

2.1.13. **card blockage** – termination of card operations;

2.1.14. **corporate card** – card issued to a representative (employee) of the legal entity or an individual engaged in entrepreneurship without launch of a legal entity (hereinafter – private entrepreneur) to use funds in card account in order to ensure payments implied herein and withdraw cash funds;

2.1.15. **prepaid card** – card that enables to pay for goods, work and services in the amount of initial load and/or withdraw cash;

2.1.16. **reloadable prepaid card** – card that enables to further add funds to initial load;

2.1.17. **non-reloadable prepaid card** - card that enables to conduct operations only within the initial load;

2.1.18. **card institution** – domestic or international processing entity that ensures collection, processing, transfer and clearing of data on card operations, as well as maintenance of cards issue and acquiring;

2.1.19. **personalisation** – loading of cardholder information to electronic carrier (chip) and/or magnet tape when developing payment cards and indent or embossed printing of identification data on cards;

2.1.20. **personal identification number (hereinafter – PIN-code)** – a secret code presented to cardholder or his/her authorised representative by issuer to be used in cardholder identification during card operations.

2.1.21. **contactless payment** – operation made by waving a card with embedded radio-frequency identification by a card user over POS-terminal;

2.1.22. **real-time mode** – moment a transaction takes place.

3. Issue and acquiring of cards

3.1. Cards may be issued and acquired by banks and the national operator of postal communication functioning in the Republic of Azerbaijan.

3.2. Issuer shall independently determine types and services on cards issued.

3.3. At least the following requisites should be designated on cards:

3.3.1. identification data of the issuer;

3.3.2. card number;

3.3.3. card's validity period;

3.3.4. contact numbers of the issuer or the card institution it is served by.

3.4. Card (except for prepaid cards) is issued on the basis of an agreement entered by and between the issuer and the cardholder. Cardholder agreement shall be clearly written and developed in easily readable font (at least 12).

3.5. The agreement by and between the cardholder and the issuer shall determine at least the following:

3.5.1. cardholder's personal data (data on personal ID card);

- 3.5.2. duties and responsibilities of parties;
- 3.5.3. service fee, procedures on its payment and change (if service fee change implied);
- 3.5.4. exchange rate referred on foreign currency operations and, if applied, service fee on currency exchange ;
- 3.5.5. order of delivery of statements on movement of funds on account and account balance to cardholder;
- 3.5.6. cards usage rules and key requirements for compliance with security (including terms and conditions to maintain operations in countries where the internationally accepted “liability shift rule” is not applied);
- 3.5.7. information on card users that are submitted additional cards on one card account (if an agreement implies presentation of several cards to a cardholder);
- 3.5.8. order of delivery of information on loss, theft or illegal use of the card by an unauthorized person;
- 3.5.9. cases and order of card blockage or termination of card servicing by issuer;
- 3.5.10. responsibilities of parties in the event of violation of contractual security requirements and other provisions;
- 3.5.11. order of review of appeals on use of cards and other related appeals, including appeals on groundless write-offs and erroneous payments (through indication of implementation term);
- 3.5.12. order of delivery of the card and a PIN-code to the cardholder or a his/her authorized representative by issuer;
- 3.5.13. ~~name and contact numbers of the public structure that exercises oversight of payment systems.~~
- 3.5.13. secure use of a PIN-code and, if applied, the order of setting and changing the PIN-code;
- 3.5.14. if applied, limits, established on daily and/or cash operations.

3.6. Terms and conditions of services on cards ordered within the framework of social projects (pensions, allowances and other payments) or cards order by an employer for disbursement of salaries of employees are determined through an agreement by and between a client and an issuer in consideration of the requirements of Article 3.5 of the present Regulations.

3.7. Issuer shall maintain a registry of issued cards. The registry shall hold mandatory requisites of issued cards.

3.8. Issuer shall exercise the following duties:

3.8.1. submit a card based upon terms and conditions of an agreement signed with the cardholder;

3.8.2. familiarize card users with the rules of usage of cards and PIN-codes;

3.8.3. ~~review requests and complaints on card operations and settlements.~~

3.8.3 comply with the requirements specified in Section 7 excluding Item 7.8 herein.

3.9. The issuer (or card institution that is determined by issuer and renders the service therein on a contractual basis) shall ensure 24-hour ongoing receipt of cardholder's notification on loss, theft or unauthorized usage of the card through available communication facilities (at least telephone, mobile, Internet). A special number (landline or mobile) should be dedicated to easily and promptly receive calls from abroad. The issuer, when receiving the notification, shall identify the card user and record the date, timing (hour and minute) of the receipt of the notification, card number and details of the event, as well as store these data at least for 18 (eighteen) months.

3.10. Acquiring shall be ensured on the basis of an agreement entered into between the merchant or, in relevant cases, public structure.

3.11. Acquirer shall have the following duties:

3.11.1. ensure acquiring of cards with the logo of the card institution in compliance with the requirements of the card institution it is the member of;

3.11.2. provide the merchant, or the relevant public structure with the rules of POS-terminal usage, cards acceptance and servicing, as well as necessary safety procedures required when conducting card operations.

3.11.3. render acquiring service to cards with embedded e-carriers (chips), along with magnet tapes in ATMs, POS-terminals and other equipment served by the acquirer.

3.11.4. render acquiring service on cards with embedded e-carriers (chips) except for the cases specified in Item 6.6. herein, as well as operations conducted without physical production of cards to vendors (including MOTO – Mail order/Telephone order, Manual POS Keyentry).

3.11.5. supply the merchant or the relevant public authority with the POS-terminal equipped with software at least in the official language of the Republic of Azerbaijan.

3.11.7 comply with the requirements specified in Item 7.8 herein.

4. Corporate cards

4.1. Issuer may issue corporate cards based upon an agreement with the legal entity or a private entrepreneur.

4.2. ~~At least issuer identification data, the card number, and the expiration date on the front of the card should be designated on corporate cards.~~

4.3. If implied in the agreement, a legal entity or a private entrepreneur may be provided with several corporate cards on a card account.

4.4. Corporate cards are used to pay for legal entity's or private entrepreneur's business trip, representative office and other expenses, as well as for mandatory payments to the state budget and off-budget public funds.

4.5. Corporate cards may not be used for payments of dividends, salaries, pensions, allowances, and other payments of social nature.

5. Prepaid cards

5.1. Prepaid cards are issued in compliance with the requirements of the present Regulations and the card issuer.

5.2. Prepaid cards may be used solely by individuals.

5.3. ~~Prepaid cards hold at a minimum issuer's identification data, the card number, and the expiration date.~~

5.4. The volume of funds per non-reloadable prepaid card shall not exceed AZN 150 (one hundred fifty) or foreign equivalent and the lifetime shall not exceed 2 (two) years. ~~Information on funds non-reloadability is specified on the card.~~

5.5. Sale of non-reloadable prepaid cards with total value beyond AZN 1500 (one thousand and five hundred) or foreign equivalent to the same person at the same time is allowed upon delivery of necessary data on a cardholder (personal identification data) to an issuer.

5.6. The volume of reloadable non-personalized (whose user is not identified) prepaid cards, per card may not exceed 50 (fifty) manat or equivalent, while its lifetime may not exceed 5 (five) years. At that, the volume of debiting operations per card over one calendar year may not exceed 1.000 (thousand) manat or equivalent.

5.7. The lifetime of a reloadable prepaid card, personalized (whose user is identified), shall not exceed 5 (five) years, while the value of annual turnover per card shall not exceed AZN 10000 (ten thousand) or equivalent.

5.8. The issuer may involve third parties to the sale of prepaid cards based upon an agreement signed. At that, the card buyer is identified by a card seller in compliance with the requirements of these Regulations and the identification documents shall be presented to the issuer.

5.9. The agreement, entered into with the third party involved in sale of prepaid cards, determines duties and responsibilities of the parties on sale and storage of cards, maintenance of settlements and accounting.

5.10. In case issuer restricts the withdrawal of funds via prepaid cards from ATMs and POS-terminals, as well as operations via these cards, the person involved in prepaid cards sale shall inform the cardholder prior to their acquisition.

5.11. Funds on operations through prepaid cards are recorded on a consolidated account for issued prepaid cards.

5.12. According to the legislation on prevention of legalization of criminally obtained funds or other property and the financing of terrorism, data on suspicious operations or attempts thereof through prepaid cards based upon specified criteria are delivered by the issuer to the Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan.

6. Conduct of card operations

6.1. Card user may execute the following operations through cards:

6.1.1. pay for the value of goods, works and services;

6.1.2. pay for duties, taxes, as well as make other mandatory payments to the state budget and off-budget public funds;

6.1.3. foreign exchange;

6.1.4. withdraw cash;

6.1.5. cashless card-to-card transfer of funds from own to another card account;

6.1.6. other operations in harmony with the legislation and applicable in the business environment.

6.2. Documents confirming operations via ATMs, POS-terminals and other equipment shall exhibit the following (this information should be provided at least in the official language of the Republic of Azerbaijan):

6.2.1. requisites enabling to identify the acquirer and merchant (if the device is installed in merchant's premises);

6.2.2. the document number;

6.2.3. operation date (day, months, year) and time (hour, minute);

6.2.4. name of the service center;

6.2.5. the equipment code;

6.2.6. payment amount;

6.2.7. card requisities allowed within security requirements of card institution;

6.2.8. authorization code;

6.2.9. amount, if service fee deducted.

6.3. Where payments are made to the centralized (unified) treasury account on state budget and off-budget funds, the document includes requisites of the budget entity or off-budget public fund, classification of budget income and a budget level code.

6.4. Settlements on card operations are made respectively in compliance with regulations of the card institution and the agreement entered into by and between the parties.

6.5. Contactless payments with cards shall only be made by means of supportive equipment.

6.6. If the issuer (or acquirer) does not set a lower limit, operations via POS-terminals amounting to 20 (twenty) manat and over shall be conducted entering the PIN-code.

6.7. Cash withdrawal via ATMs, POS-terminals and other devices with cards shall only be provided by entering the PIN-code by a card user.

7. Risk Management

7.1. The issuer shall have effective risk management software in place to detect and prevent suspicious card operations and similar operations in real time (also operations in various countries within a short timeframe, including operations in high risky countries and merchants determined by the issuer).

7.2. The issuer shall monitor for suspicious card operations via relevant software in real time. The issuer may assign a card institution to ensure monitoring of the type on non-business hours on a contractual basis. At that, the issuer shall not be released from duties and responsibilities specified in the legislation on prevention of legalization of criminally obtained funds or other property and the financing of terrorism, as well as in the agreement entered into with the cardholder.

7.3. If the card is blocked or card servicing terminated, with the exception of cases other than the cases specified in the legislation on prevention of legalization of criminally

obtained funds or other property and the financing of terrorism, the issuer advises the card user in a contractual order.

7.4. The term and means of notification of the issuer by the card user on loss, theft or unauthorized usage of the card, as well as the term of enactment of this notification is determined under contractual provisions in consideration of requirements of the card institution.

7.5. The issuer shall have internal procedures in place to prevent illicit disclosure of card users' identification data, and card operations.

7.6. Internal bank procedures on organization of activities with respect to cards shall determine at least the following:

7.6.1. the order of cards issuance;

7.6.2. the order of cards delivery;

7.6.3. the order of cards acquiring;

7.6.4. the order of settlements on card operations;

7.6.5. the order of risk management on card operations;

7.6.6. the order of handling of document circulation on card operations;

7.6.7. the order of pre- and post-personalisation (non-personalised cards) maintenance, accounting, as well as delivery of cards.

7.7. Cards shall be personalized by an issuer (or local card organization) based upon personalization data developed by an issuer (or local card organization).

7.9 Collection, processing, transfer, and clearing of card operations shall be provided by issuers, local or international card organizations (Visa Inc., MasterCard Incorporated, UnionPay International, American Express Company, DISCOVER FINANCIAL SERVICES, JCB Co., Ltd.).