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New law on payment systems

At the beginning of May 2022, the Law «On Payment Systems and Payment Services» (hereinafter as the Law) was signed in Belarus. For the first time in Belarus, implementation of payment activities, requirements for payment systems and participants in the payment market have been fixed on a comprehensive basis.

What is new in this Law?

- ▶ The concept of «payment services», «payment service provider», «payment system» is formalized, as well as requirements for new participants in the payment market and their managers.
- ▶ An obligation is established in relation to the operator of payment systems, for example, to determine the rules of organization and functioning, which reflect the requirements enshrined in the Law (for example, the list of payment systems with which interaction is carried out and the procedure for such interaction; the procedure for guaranteeing the completion of settlements in the payment system, including the procedure for settling cases of inability of payment system participants to fulfill their payment obligations, etc.).

As additional requirements, for example, to ensure the implementation of settlement operations, clearing, processing; ensure (arrange provision) compliance with information security measures, protection of information in the payment system and the continuity of the payment activities of its participants; conclude agreements with the participants of the payment system on participation in the payment system, etc.

- ▶ The types of payment services that may be available from payment service providers have been specified. Such services include, for example, settlement services, initiation of payment, issuance (creation) or distribution of payment instruments, etc. The levels of requirements for payment services and their combinations will be established by the National Bank. In addition, the Law also specifies requirements for payment service providers, such as to manage payment risks, including providing for the smooth functioning of the payment system (payment activities), using information security measures during user authentication that provide for the confidentiality and integrity of the authentication data of the user.
- ▶ Requirements for a non-resident payment aggregator have been established. These requirements will apply if it accepts payments to the residents of the Belarus. The requirements include, for example, providing a guarantee of settlement completion and performance of its payment obligations on accepted payments in accordance with the Belarusian legislation.
- ▶ Providers of payment services (e.g. payment aggregator, payment instrument provider) will be allowed to carry out payment activities as providers of payment services only after being included in the register. The procedure for the formation of the register will be determined at a later date.
- ▶ A new type of payment tool, a payment software application, will appear, which allows the user to significantly simplify the initiation of a payment, no matter the bank or payment system.
- ▶ The law will more comprehensively regulate payments to third parties. This will affect e.g. Ozon, Wildberries, AliExpress, Yandex, Uber and Booking.
- ▶ Non-resident entities operating as a payment services provider as of the date of coming into force of the Law shall be

allowed to carry out such activities without being included in the register for a period of twelve months after the coming into force of the Law. If they intend to carry out such activities in the future, they must apply to the National Bank for inclusion in the register before the expiry of the above-mentioned period.

Thus, the Law provides rules that all payment systems in Belarus, including international payment systems, processing and clearing centres, and other entities not previously covered by the legislation, must comply with. The Law is a comprehensive regulation of payment systems, instruments which has no analogues in Belarus.

Locations

BELARUS