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CIRCULAR No. 0003-2020-BCRP

Lima, January 31, 2020

Ref: Regulation on Payment Service using Quick Response Codes (QR)

WHEREAS:

In order to promote the efficiency and safety of Payment Service using QR Codes, the Board of Directors of the Central Reserve Bank of Peru (BCRP) has decided to approve the standard for QR Codes used in payments and foster interoperability, access, information transparency, and appropriate risk management.

QR Codes and Mobile Wallets are technological innovations in payments, which in many countries have promoted inclusion in digital payment services among small- and medium-sized merchants and their consumers. These innovations are currently implemented in Peru by financial and non-financial entities.

The Third Final Complementary Provision of Law No. 29985, which regulates the basic characteristics of electronic money as an instrument for financial inclusion, enables the BCRP to set conditions and opportunities for interoperability.

Paragraph n), article 10 of the Payments and Securities Settlement Systems Law, No. 29440, enables the BCRP to introduce norms, regulations, principles, and standards applicable to Payment Agreements and Payment Services Providers, and supervise them, in order to enhance their security and efficiency.

Paragraph l), Article 10 of Law No 29440 enables the BCRP to require information from administrators of Payment Agreements, qualified as non-systemically important, their participants and technology providers, among others, and from Payment Services Providers, regarding the nature, functionality, and volume of operations, as well as the risk management measures adopted.

IT IS RESOLVED THAT THE FOLLOWING BE APPROVED:

GENERAL PROVISIONS

Article 1. Objective and Scope

This Regulation aims to establish the standard for QR Codes used in payments, as well as the regulatory requirements for the Payment Service using QR Codes applied to QR Code Providers, Mobile Wallet Providers, and Payment Networks.

Article 2. Definitions

Mobile Wallet: A mobile application that enables users to transfer funds via a linked Payment Instrument. In the case of transactions using QR Codes, the Mobile Wallet scans the code presented by the Merchant. This enables the Consumer to order the transfer of funds.

QR Code: A means of information representation in a bi-dimensional dot matrix called "symbol." It consists of black squares arranged in a square grid on a white background

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and has a high storage capacity for different kinds of information, which can be encrypted.

Dynamic QR Code: A QR Code presented by the Merchant, containing the Merchant's information and including the amount to be paid.

Static QR Code: A QR Code presented by the Merchant, containing the Merchant's information but not the amount to be paid.

Merchant: A firm or individual owning a business.

Consumer: A Mobile Wallet user who makes payments using QR codes.

Fund Account: Can take the form of a deposit account, an electronic money account, a credit line, or another Fund Account offered by Payment Services Providers.

Payment Instrument: An instrument designed to make payments (instant or credit transfers, among others) or require them (checks or payment cards, among others).

Interoperability in the Payment Service using QR Codes: a characteristic whereby Fund Transfers between Consumers and Merchants are made independently of Providers or Payment Networks.

Institutional Portal: www.bcrp.gob.pe

QR Code Provider: A firm that affiliates Merchants and enables them to accept payments using QR Codes by providing an individual code and a mechanism to receive notifications.

Digital Wallet Provider: A firm that provides Consumers with Mobile Wallet services, enabling them to order transfers and payments from a Fund Account. With that aim, Consumers link Payment Instruments to their Mobile Wallets provided by financial institutions, among others.

Payment Services Provider: A firm that offers payment services for transferring funds through multiple means such as cards, electronic wallets, mobile payments, and internet payments.

Payment Network: A set of norms, agreements, and procedures applicable to fund transfer instructions linked to a Payment Service using QR Codes. This function can be exercised by an Automated Clearing House, Electronic Money Payment Agreements, Card Payment Agreements, Electronic Money Issuing Companies, and Payment Services Providers.

QR CODES STANDARD

Article 3. Standard

- 3.1 The issuer or Provider of QR Codes for payments must consider the international EMV® QR Code Specification for Payment Systems presented by the Merchant (EMV QRCPS), issued by the Organization EMVCo, version 1.0 of July 2017 and its modifications, for Static QR Codes and Dynamic QR Codes.

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- 3.2 The information stored in a QR Code serves as a unique identification for each Merchant and will include standard requirements so fund transfers or payments are deposited in the Merchant's account through the Payment Network.
- 3.3 QR Codes issued according to the EMVCo standard contain a space identified with IDs "49", "50", and "51", which are reserved for future use by the BCRP.

PAYMENT SERVICE USING QR CODES

Article 4. Payment Service

- 4.1 A Payment Service using QR Codes is a transfer of funds from the Consumer's Fund Account to the Merchant's account using the QR Code displayed by the Merchant. The information in the code is scanned by the Consumer through a Mobile Wallet to start the transfer instruction using a Payment Instrument linked to the Mobile Wallet.
- 4.2 The participants in this Payment Service are QR Code Providers, Mobile Wallet Providers, and Payment Networks.

APPLICABLE PRINCIPLES

Article 5. Principles

The participants in the Payment Service using QR Codes must implement:

- 5.1 Procedures, regulations and contracts complying with current laws and regulations.
- 5.2 Good Governance policies and procedures providing clear and direct guidelines for administration, responsibility, and accountability.
- 5.3 Policies, procedures, and risk management systems allowing them to identify, measure, monitor, and manage risks.
- 5.4 Procedures ensuring an efficient and timely settlement of fund transfers into accounts within the same entity or through another Payment Network.
- 5.5 Procedures relating to payment failure.
- 5.6 Control and Management Systems for identifying, monitoring, managing business risks; and procedures for identifying and mitigating internal and external operational risks.
- 5.7 Procedures for ensuring a high degree of operational reliability and continuity of service, aiming to enable a timely recovery of operations.
- 5.8 Information Security Policies (confidentiality, integrity, authenticity, and availability, among others) to prevent vulnerabilities and potential threats; and to ensure the reliability of processed and transmitted information.
- 5.9 Service Access Policies to limit risks and avoid discriminatory practices.
- 5.10 An efficient and effective service to promote Interoperability and meet the payment demands of Merchants and Consumers.

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- 5.11 Procedures to inform Merchants, Consumers, and Entities participating in the service and the general public about the characteristics of the service, risk management policies, service fee scheme, communication channels, and dispute resolution mechanisms.

RESPONSIBILITIES

Article 6. General Responsibilities

- 6.1 QR Code Providers and Mobile Wallet Providers must implement:

- a. Internal Operational Regulations entailing at least:
- i. Definition, functionality, and characteristics of the services provided.
 - ii. Rights and Obligations of the parties.
 - iii. The necessary requirements to access the service, among others, technical and safety requirements, and the conditions for the suspension or exclusion from the service.
 - iv. Provider certifications (PCI-DSS or others).
 - v. The Payment Networks included in the Merchant's QR Code.
 - vi. The process of funds transfer to the Merchant's account and the entities that participate in such process.
 - vii. Service support schedule and the available communication channels to provide specialized support.
 - viii. Fees and Charges Policy.
 - ix. Contingency Plan.
 - x. Dispute resolution mechanisms and communication channels for such purposes.

Wallet Providers must also include the following in their Internal Operational Regulations:

- xi. Measures to ensure a safe scanning of QR Codes to prevent fraud and non-authorized links or fund transfers.
 - xii. Procedures for proper management of cyber-attacks.
 - xiii. Mechanisms for displaying Merchants' information to facilitate identification by Consumers.
 - xiv. Consumers' identity validation and authentication procedures.
 - xv. Limits per operation, per day, or related to other characteristics.
 - xvi. Security mechanisms to prevent fraud associated with mobile phone losses, cloning, or others.
 - xvii. Treatment of unrecognized consumption charges and reversal or cancellation of charges.
 - xviii. An option to display the Consumer's account balance, if such information is available.
 - xix. A mechanism to inform Consumers about the final status of the transaction; i.e., if it was completed or failed.
- b. A Risk Management Plan entailing, at least, the identification of the main internal and external sources of operational risk which might impact the availability or continuity of the service, including actions and controls adopted to mitigate or avoid them.

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- c. Incident Reports, including a description and assessment of the events, as well as the actions adopted to mitigate them. Such incidents may be related, among others, to:
 - i. Message transmission or communication infrastructure failures.
 - ii. Service failures.
 - iii. Fraudulent activities.
 - iv. Breach of confidentiality.
 - v. Insufficient capacity to maintain service quality.
 - vi. Other cases which may affect the proper functionality of the service.
- d. Periodic Reports on Operational Continuity Tests (stress or other relevant tests) at least once a year.
- e. A dissemination plan, provided via website or other relevant means, for public disclosure of service characteristics, access mechanisms, and fees or charges of individual services.
- f. A list of the entities with which they participate in the Payment Service using QR Codes.

6.2 QR Code Providers and Wallet Providers must implement:

- a. A Security Policy explaining how Merchants and Consumers are protected against fraud and the measures that they should take to avoid errors and fraud.
- b. An Information Privacy Policy explaining how Merchant and Consumer data are used, stored, and transmitted in such a way as to ensure information confidentiality and prevent its use for other purposes without Consumers' approval, in accordance with the Personal Data Protection Law currently in place.

6.3 Payment Networks, QR Code Providers, and Wallet Providers must issue a document describing their participation in the fund transfer process and the information flow associated with such process.

6.4 Comply with other obligations mentioned in this Regulation.

REGISTRATION WITH, AND SUBMISSION OF INFORMATION TO, THE BCRP

Article 7. Registration

- 7.1 Digital Wallet Providers and QR Code Providers must register with the BCRP within ninety (90) days after publication of this Regulation. New providers must register at least ninety (90) days prior to starting their operations.

In order to register with the BCRP, these entities must send the Registration Form in Annex 1, published in the Institutional Portal, and the documents cited in paragraphs 6.1, 6.2, and 6.3 of Article 6 above. These documents must be updated and sent, whenever there is a modification, to Subgerencia de Pagos e Infraestructuras Financieras (E-mail: Dpto.AnalisisSistPagos@bcrp.gob.pe).

The BCRP may request clarification and/or further information in addition to the one submitted for registration.

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7.2 The list of enlisted entities in the BCRP's Registry is published in the Institutional Portal and is updated annually upon receipt of the information indicated in paragraph 8.1, Article 8 of this Regulation.

Article 8. Information required by the BCRP

Entities enlisted in the BCRP's Registry must provide the following information:

8.1 Each year, before the end of February, they must send digitally the annual version of the Operational Report (Annex 2) published in the Institutional Portal.

8.2 The month after close of a quarter, they must send digitally the quarterly version of the Operational Report (Annex 2).

8.3 Other information requested by the BCRP.

All information received shall be considered an affidavit and shall be treated confidentially.

FINAL AND TRANSITORY PROVISIONS

First: Interoperability Promotion

QR Code Providers, Wallet Providers, and Payment Networks must tend to interoperability and avoid practices that may limit it. The BCRP may establish conditions and opportunities for interoperability.

Second: Account Segregation

Firms managing Digital Platforms that link Merchants and Consumers to facilitate payments among them and manage accounts containing clients' funds must hold such funds in accounts within the Financial System, Trust Funds, or Electronic Money. The latter must be segregated from accounts used to manage the firms' own resources.

Third: Deadline for Adoption of the QR Code Standard

QR Code Providers must apply the standard defined in Article 3 mentioned above within one hundred and eighty (180) days after publication of this Regulation.

Renzo Rossini
General Manager

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ANNEX 1

QR CODE AND DIGITAL WALLET PROVIDERS REGISTRATION FORM

FIRM INFORMATION	
Provider Type	
Date	
Commercial Name	
Legal Name	
No. RUC	
Institutional Internet Portal	
Legal Address	
Telephone	
Legal Representative's Full Name	
E-mail	
Communication Officer's Full Name	
E-mail	
SERVICE INFORMATION	
Service definition (attach all necessary information):	
Service functionality (attach all necessary information):	

Note 1:

This information must be sent to the BCRP, Subgerencia de Pagos e Infraestructuras Financieras, via e-mail (Dpto.AnalisisSistPagos@bcrp.gob.pe).

ANNEX 2

QR CODE PAYMENT SERVICE OPERATIONS REPORT

QR Code Providers' Information

Required information	Total
Number of affiliated Merchants	
Number of Merchants who received payments using QR codes	
Number of payments using QR codes	
Value of payments using QR codes (S/)	
Incidents: a. Describe the incidents which affected service operations. b. Describe the measures taken for their solution.	

Digital Wallet Providers' Information

Required information	Total
Number of Wallet downloads	
Number of Consumers who used the Wallet	
Number of payments using the Wallet	
Value of payments using the Wallet (S/.)	
Incidents: a. Describe the incidents which affected the service operations. b. Describe the measures taken for its solution.	

Note:

This information must be sent monthly and quarterly to the BCRP, Subgerencia de Pagos e Infraestructuras Financieras, via email (Dpto.AnalisisSistPagos@bcrp.gob.pe).