



EDBS/KH/C/65/2019
8th August, 2019

The Chief Executive Officer
All Retail Banks
All Financing Companies
All Payment Service Providers
Manama
Kingdom of Bahrain

Dear Sir/Madam,

Re: Proposed Requirements on Point of Sale (POS) Infrastructure

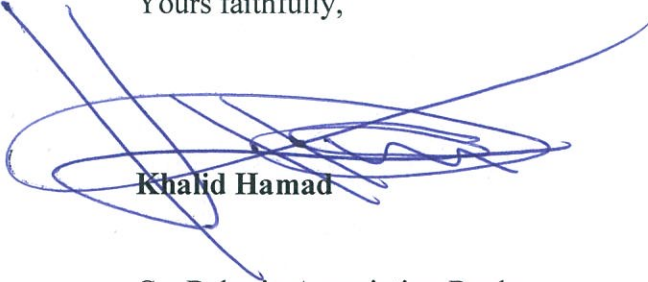
This has reference to the various terminals and devices (POS infrastructure) for payment transactions under the various payment schemes used by approved acquirers and other licensees within the Kingdom.

With a view to enhancing customer experience, ensuring accessibility across all payments devices and increasing the adoption of cashless modes of payment, the CBB requires the licensees to meet the following requirements with regards to POS infrastructure, with effect from 1st January 2020:

- a) All POS infrastructure used for payment schemes which include, but are not limited to, payment cards using technologies such as magnetic stripe, EMV (chip and pin), Near Field Communication (NFC), contactless, and mobile/smart device payments using EMV QR code, biometric or other means must be compatible and capable of providing mutual use or access;
- b) The changes necessary to the software/hardware to meet the requirement under (a) above must be completed before the end of 2019 so that the new POS infrastructure can go live without delays, although, the relevant licensees may early adopt the requirement prior to 1st January, 2020;
- c) The prevailing fee structure underlying the relevant payment schemes using the international payment networks (VISA and Mastercard), BENEFIT switch or GCC Net continues to apply;
- d) For payment schemes other than those referred to in (c) above, the interchange fees, payable by the acquirer, must be capped at 0.5% of transaction value to be split between the issuer and the Benefit Company at 0.3% and 0.2% of the transaction value respectively; and
- e) No fees should be charged to the end user/customer for the use of such payment service.

Should you have any further queries on this matter, please contact Mrs. Shireen Al Sayed, Head of Regulatory Policy Unit at the CBB on 17547646 or email: s.alsayed@cbb.gov.bh.

Yours faithfully,



Khalid Hamad

Cc: Bahrain Association Banks
External Audit Firms