



**Bureau of Experts at the Council of Ministers  
Official Translation Department**

## **Law of Payments and Payment Services**

Royal Decree No. M/26  
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**Translation of Saudi Laws**



**NOTE:**

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



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## Law of Payments and Payment Services

### Article 1

In this Law, the following words and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

**Law:** Law of Payments and Payment Services.

**SAMA:** The Saudi Central Bank.

**Board:** SAMA's Board of Directors.

**Regulations:** The implementing regulations and any other regulations issued by SAMA in accordance with this Law.

**Person:** Any natural or legal person.

**Payment Systems:** A set of instruments, procedures, and rules for processing and settling payment orders and clearing transactions related thereto within the Kingdom or abroad.

**Payment Services:** Services related to the execution, transfer, or processing of payment transactions and payment instruments; management of transfer transactions and e-money payments through payment platforms or instruments; payment wallets in the form of electronic accounts or records; provision of payment information and account services; and other related services specified in the regulations.

**Payment Order:** An order or set of instructions made by a member with regard to a money transfer request, as a cash claim in the form of a book entry, to the order of a beneficiary who is a member of any payment system, to be deposited in the beneficiary's account; this shall include orders or instructions relating to the transfer or withdrawal of amounts to or from an account.

**Member:** Any person who has a payment account through which he can make payment orders or who is a beneficiary thereof.

**Client:** Any person who receives payment services or uses payment systems.

**Consumer:** The ultimate beneficiary of a payment service.

**Funds:** Banknotes or coins of any currency that are physically or electronically kept, and of any other type of currency specified in the regulations.

**Systemically Important Payment System (SIPS):** Any payment system classified by SAMA as important pursuant to certain criteria set thereby based on the volume, value, and nature of transactions carried out through such system and its connection with settlement and clearing systems within the Kingdom and abroad.

**Guarantee:** Cash, or any asset that may be converted into cash, that is provided pursuant to a lien or any other similar agreement to guarantee the rights and liabilities that may arise for the benefit of members under SIPS.

**Clearing Arrangements:** Arrangements made between transacting parties to calculate net liabilities, in accordance with the relevant rules of payment



systems.

**Default Management Arrangements:** Clearing arrangements or any other arrangements relating to settlement of financial positions resulting from transactions associated with payment systems and services for the purpose of reducing or mitigating risks that may arise in the event that a payment system member, or payment service provider, is actually or potentially incapable of paying his due liabilities, including enforcement or transfer of guarantees.

**Settlement Finality:** The point at which a payment order is deemed to be duly completed in a payment system, in accordance with the rules of said system, and is deemed binding and enforceable and may not be reversed, revoked, or modified by its issuing member or his agent, in accordance with SIPS rules.

**Final Payment Order:** A payment order that is subject to a settlement finality, in accordance with SIPS rules.

## Article 2

This Law aims to:

1. enhance the integrity and efficiency of the infrastructures of payment systems and services in the Kingdom;
2. enhance the protection of users of payment systems and services; and
3. promote innovation and competition in payment system operations and services in the Kingdom.

## Article 3

This Law shall apply to payment systems and their operators and to payment services and their providers.

## Article 4

A person may not operate a payment system or provide payment services in the Kingdom unless licensed by SAMA.

## Article 5

SAMA shall, for the application of this Law, determine the cases and criteria according to which a person residing abroad is deemed a payment system operator or payment service provider within the Kingdom.

## Article 6

Final payment orders, settlement transactions, clearing arrangements, and default management and guarantee arrangements shall be deemed binding and enforceable and may not be modified, reversed, or revoked.

## Article 7

SAMA shall regulate, supervise, and oversee payment systems and their



operators, as well as payment services and their providers, in accordance with the provisions of this Law and its regulations. It may in particular undertake the following:

1. Determining the terms and conditions for issuing licenses, and the legal structure of payment system operators and payment service providers.
2. Determining the capital and solvency requirements for payment system operators and payment service providers.
3. Issuing, renewing, and revoking licenses of payment systems and their operators as well as payment services and their providers.
4. Approving and regulating the products and services provided by payment system operators and payment service providers.
5. Setting outsourcing rules for the operation of payment systems or provision of payment services.
6. Setting classifications and requirements for payment systems based on their importance, including classifying any payment system as a SIPS.
7. Setting frameworks and rules for interlinked payment systems within the Kingdom and abroad.
8. Setting procedures and measures necessary for protecting the funds and data of clients, consumers, and members in relation to payment systems and services, and taking necessary action to protect their rights.
9. Setting the plans and measures that persons subject to this Law must follow to restore and improve their financial positions in the event of any substantial disruption thereto, or to enable said persons to terminate their business activities in a timely and orderly manner, including liquidation, subject to applicable laws.
10. Determining license issuance and renewal fees.
11. Setting governance and internal control guidelines for payment system operators and payment service providers.
12. Setting rules that payment system operators must observe when issuing rules for their transactions and membership.
13. Setting adequacy and competency standards for the employees of payment system operators and payment service providers, including senior officers.

### **Article 8**

Payment system operators and payment service providers shall, subject to the regulations, observe the following:

1. Providing access to systems and services based on appropriate and fair commercial principles.
2. Segregating funds transferred therethrough for the benefit of members, clients, and consumers from their own funds.



3. Protecting the confidentiality of information and data of members, clients, and consumers.

#### **Article 9**

An operator of a payment system that is classified as a SIPS shall, from the date of being notified of such classification, operate in accordance with SIPS-related rules established thereby, subject to the regulations.

#### **Article 10**

The SIPS-related rules shall include the following:

1. The point at which a payment order made by a member becomes final, and the point at which such order becomes subject to settlement finality, including cases in which a payment order is executed via multiple systems.
2. The rules setting the procedures necessary for ensuring the protection, validity, and enforceability of clearing arrangements in the event of default of a SIPS operator or member.
3. The rules concerning enforcement of guarantees by a SIPS operator or member.
4. The rules that permit a SIPS to manage a member's default, which shall include, but not be limited to, cases in which a member is deemed in financial or operational default, as well as measures that a SIPS operator may take in the event of a member's default.

#### **Article 11**

A SIPS member shall comply with the following:

1. Disclosing to SAMA and to the payment system operator any SIPS of which he is a member upon the filing or initiation of any bankruptcy or judicial depository procedures against him, pursuant to the Bankruptcy Law.
2. Notifying the SIPS operator of the filing or initiation of any bankruptcy or judicial depository procedures, pursuant to the Bankruptcy Law, against any other member of the same system upon his knowledge thereof, in accordance with the regulations.

#### **Article 12**

1. Without prejudice to any harsher penalty stipulated in any other law, any person who violates this Law or its regulations shall be punished by one or more of the following penalties:
  - a) A warning notice.
  - b) Temporary license suspension.
  - c) A fine not exceeding 25 million riyals.
  - d) License revocation.



2. The Board shall, pursuant to a decision issued thereby, issue a table classifying violations and prescribing penalties within the limits stipulated in paragraph (1) of this Article, taking into account the nature and gravity of the violation as well as aggravating and mitigating circumstances.
3. SAMA shall have the jurisdiction to consider violations of this Law and its regulations and to impose penalties as prescribed in the table referred to in paragraph (2) of this Article.
4. An interested party may appeal SAMA's decisions within 60 days from the date of notification thereof.
5. A judicial decision issued by a competent judicial authority or a penalty decision issued by SAMA, as the case may be, may provide for the publication of the ruling at the violator's expense in a local newspaper published in his area of residence or the area in which he practices his business, or in any other appropriate medium, as per the type, gravity, and impact of the violation, provided that the publication is made after the decision issued by the competent judicial authority becomes final or the decision issued by SAMA becomes unappealable due to the lapse of the statutory period for appeal or to being upheld by the competent judicial authority.
6. Imposition of a penalty on a legal person shall not exempt the natural person, whether a board member, director, or any other officer employed by said legal person, from liability and due penalty if it is established that the violation or offense was committed with his consent or due to his negligence or omission.

### **Article 13**

Disputes arising between the parties of a payment system and payment service providers shall, prior to being referred to a competent judicial authority, be subject to amicable settlement procedures as specified in the regulations, provided that the settlement period does not exceed 30 days from the date of filing thereof, unless the parties to the dispute agree in writing to extend said period.

### **Article 14**

Subject to Article 13, a competent judicial authority shall decide on disputes arising between the parties of a payment system and payment service providers, as well as on grievances filed by interested parties against decisions issued by SAMA.

### **Article 15**

1. Inspectors appointed pursuant to a decision by SAMA's Governor shall be in charge of overseeing and inspecting as well as detecting and reporting violations of this Law and its regulations. The inspectors may access records, receive complaints, question the employees of the persons subject to this Law, and obtain necessary information. To this end, they shall be deemed



- preliminary investigation officers.
2. Inspectors shall not be prevented from carrying out the duties set out in this Article; persons subject to inspection shall cooperate with the inspectors and facilitate the performance of their duties.

**Article 16**

SAMA may, if necessary for the application of this Law, disclose to a third party any information relating to any person subject to this Law.

**Article 17**

SAMA may, in accordance with the regulations, exempt any person or persons from certain license requirements to promote innovation and development in the operation of payment systems and the provision of payment services in the Kingdom, taking into account transparency and fairness, without prejudice to the objectives of this Law.

**Article 18**

The regulations shall be issued pursuant to a Board decision.

**Article 19**

This Law shall repeal any provisions conflicting therewith.

**Article 20**

This Law shall be published in the Official Gazette and shall enter into force 180 days following the date of its publication.