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পিএসডি সার্কুলার নং : ০৬/২০২১

তারিখ : ০৬ মে, ২০২১  
২৩ বৈশাখ, ১৪২৮

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বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক, মোবাইল ফিন্যান্সিয়াল সার্ভিসেস্ (এমএফএস) প্রোভাইডার, পেমেন্ট সার্ভিস প্রোভাইডার (পিএসপি), এবং পেমেন্ট সিস্টেম অপারেটর (পিএসও)  
প্রধান কার্যালয়, ঢাকা।

প্রিয় মহোদয়,

**‘Guidelines for trust fund management  
in payment and settlement services’ প্রণয়ন প্রসঙ্গে।**

মোবাইল ফিন্যান্সিয়াল সার্ভিসেস্ (এমএফএস) প্রোভাইডার, পেমেন্ট সার্ভিস প্রোভাইডার (পিএসপি), এবং পেমেন্ট সিস্টেম অপারেটর (পিএসও)-সমূহ পরিশোধ (Payment) ও লেনদেন নিষ্পত্তি (Settlement) সেবা প্রদানের প্রক্রিয়ায় গ্রাহকের/ মার্চেন্টের অর্থ কিছু সময়ের জন্য নিজেদের জিম্মায় ধারণ করে থাকে। সেবা প্রদানকারী প্রতিষ্ঠানসমূহ কর্তৃক ধারণকৃত উক্ত অর্থের নিরাপত্তা বিধান এবং সংশ্লিষ্ট পক্ষসমূহের স্বার্থ রক্ষার্থে এতদসঙ্গে সংযুক্ত ‘Guidelines for trust fund management in payment and settlement services’ শীর্ষক নীতিমালাটি প্রণয়ন করা হলো। এক্ষেপে উক্ত নীতিমালাটি পরিপূর্ণভাবে পরিপালনের জন্য আপনাদেরকে নির্দেশ প্রদান করা হলো।

এ নির্দেশ অবিলম্বে কার্যকর হবে।

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# **GUIDELINES FOR TRUST FUND MANAGEMENT IN PAYMENT AND SETTLEMENT SERVICES**



**Payment Systems Department**  
**Bangladesh Bank**

May 2021

## Revision History

<b>Date</b>	<b>Version</b>	<b>Amendment / Change Description</b>
May 2021	1.0	Initial publication

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## LIST OF ABBREVIATIONS

AML	Anti Money Laundering
BPSSR	Bangladesh Payment and Settlement Systems Regulations
CFT	Combating Financing of Terrorism
E-money	Electronic Money
E-wallet	Electronic Wallet
FDR	Fixed Deposit Receipt
MFS	Mobile Financial Services
NOC	No Objection Certificate
PSO	Payment System Operator
PSP	Payment Service Provider
TCSA	Trust Cum Settlement Account
TCSB	Trust Cum Settlement Bank

## **Guidelines for trust fund management in payment and settlement services**

### **1. Introduction**

Bangladesh Bank, under clause 5 of Bangladesh Payment and Settlement Systems Regulations 2014, issues licenses to nonbank entities those desire to provide payment and settlement services in Bangladesh. In the process of facilitating payment and settlement services, these entities hold money that does not belong to them rather belongs to their customers and, or payment participants. A Trust Fund, within the scope of these guidelines, will comprise of any such money that creates a liability of the service providing entity to its customers and, or participants in the process of mutual business arrangement. Hence, these guidelines are aimed at protecting the interest of the customers, who have a lawful claim on such fund at any point in time.

### **2. Mandate**

These Guidelines have been issued in exercise of the power conferred by clause 7A (e) of the Bangladesh bank Order 1972, clause 49(1)(Uma) of the Bank Company Act 1991 and clause 13(2) of Bangladesh Payment and Settlement Systems Regulations (BPSSR) 2014.

### **3. Scope**

These guidelines shall be applicable for Mobile Financial Services (MFS), Payment Service Provider (PSP), Payment System Operator (PSO), and any other nonbank entity authorized by Bangladesh Bank to provide payment and, or settlement services that require to hold Trust Fund against the payment and, or settlement obligation created by the entity to its customers and, or participants. The relevant clauses of these guidelines shall also be applicable for scheduled banks that open and maintain Trust Cum Settlement Account for the Trustee.

### **4. Definitions**

**Company** means an entity established under the Companies Act, 1994 which can be liquidated following the same Act.

**Customer** means a person or an organization-

- a) who has a business relationship with a Payment Service Provider or a Payment Systems Operator or a Payment Systems Participant;
- b) for whom a bank or a Payment Service Provider or a Payment Systems Operator or a Payment Systems Participant is assigned to or willing to provide service;
- c) who is interested in conducting transactions using a bank account, a debit, credit or prepaid card, a e-wallet, or any other approved means.

**Electronic Money** means electronically stored monetary value issued against or as an alternative to legal tender; which can be used as a mode of payment; and is accepted by any person including its issuer.

**E-Wallet** is a virtual store/wallet where electronic money is preserved.

**Legal Tender** means the paper notes and coins issued by Bangladesh Bank or by the Government, and that is legally accepted as a means of payment for goods, services, and to repay debt.

**Payment** means the process of transferring the obligation by the payer to a third party acceptable by the receiver. This transfer may be done through fiat money, electronic money, or through Central bank Digital Currency.

**Payment Instrument** is an electronic or paper-based instrument through which the customer provides instruction for transfer of funds to its Payment System Operator or Payment Service Provider or Payment System Participant.

**Payment Services** include deposit & withdrawal of cash, transfer of funds, issuance of payment instruments, issuance of electronic money, and other related services.

**Payment System Operator (PSO)** means an entity licensed by Bangladesh Bank to operate a payment system for the participants or assist otherwise to ease the payment function of its customers.

**Payment System Participants** are entities who participate or in cases operate a payment and settlement system to exchange, clear and settle funds and government securities for themselves or on behalf of its customers.

**Payment Service Provider (PSP)** means an entity licensed by Bangladesh Bank to provide electronic money services to its customers and keep the aggregate balance of the issued e-money to a Trust Cum Settlement Account in a scheduled bank.

**Trust cum Settlement Bank (TCSB)** means a scheduled commercial bank that opens trust cum settlement account for the participant of a system to hold funds and to settle transactions between participants in the systems.

**Trust cum Settlement Account (TCSA)** means a custody account where the legal tender shall be stored against the issuance of e-money by a Payment Service Provider, or where the legal tender that received from the service recipient of the payment system operator or any other authorized entity for maintaining such account, and the balance of the account shall not be used for any purpose other than the approved ones.

**Trust Fund**, within the scope of these guidelines, will comprise of any fund held by a payment service participants or any entity authorized by Bangladesh Bank to do so, that creates a liability of the service providing entity to its customers and, or participants.

## **5. Establishment of the Trust Fund**

- 5.1** The money received by MFS, PSP, PSO, or any other nonbank entity from its customers and, or participants for issuing e-money/ payment instrument and, or settlement of transactions or sales proceeds or any other fund directed by Bangladesh Bank shall be held in the Trust Fund.
- 5.2** The MFS, PSP, PSO, or the nonbank entity that holds the Trust Fund, or any other person or entity authorized by Bangladesh Bank, shall be the Trustee.
- 5.3** The customers and, or participants who have lawful payment and settlement claims on the fund shall be the beneficiary of the Trust Fund.
- 5.4** Bangladesh Bank shall be the Overseer of the Trust Fund on behalf of the beneficiaries. Without limiting the powers that the Overseer may have in law or otherwise, the powers shall include the following:
- (a) The Overseer may, if requires, enforce the terms of the Trust on behalf of the Beneficiaries;
  - (b) The Overseer, if requires, may ask for documents from Bank or Trustee and may conduct offsite/onsite inspection related to the Trust Fund;
  - (c) The Overseer may direct Bank or Trustee to amend any part(s) of the Trust Cum Settlement Account Agreement that may be deemed necessary to protect beneficiaries' interests within the scope of the applicable laws;
  - (d) The Overseer, if deems necessary to protect beneficiaries' interests, may remove existing Trustee(s) and appoint a new Trustee(s); and
  - (e) The Overseer may take any other lawful measures to protect beneficiaries' interests.

## **6. Instances of the establishment of Trust Fund**

- 6.1** PSPs or MFS Providers are authorized to issue e-money and, or payment instruments in exchange for an equal amount of legal tender. The e-money and, or payment instrument creates a liability of the issuer to the bearer. Hence, the issuer holds the legal tender on trust against its liability arises from the issuance of e-money and, or payment instrument.
- 6.2** PSO providing merchant acquiring/ collection services holds merchants' sale proceeds on trust for an agreed-upon time before settlement. Therefore, the money reflects a liability of the PSO to its actual owner i.e. the merchants.



**6.3** Any other nonbank entity that facilitates payment and, or settlement services and is required to hold fund of its customers and, or participants on trust in accordance with the approval of Bangladesh Bank.

## **7. Establishment of Trust Cum Settlement Account (TCSA)**

**7.1** The MFS, PSP, PSO, or any other nonbank entity that holds the Trust Fund shall open and maintain, subject to the prior approval of Bangladesh Bank, Trust Cum Settlement Account(s) with the scheduled commercial bank(s) in Bangladesh.

**7.2** In case of opening multiple Trust Cum Settlement Accounts in the same bank, the Trustee and the Bank shall inform Bangladesh Bank within 15 days of opening the subsequent Trust Cum Settlement Account(s).

**7.3** The title of the account shall include “Trust Cum Settlement Account (TCSA)”.

**7.4** There shall be an agreement between the Trust Cum Settlement Bank and the Trustee mentioning operational procedures of the account along with the roles and responsibilities of each party.

**7.5** The agreement shall empower Bangladesh Bank as the Overseer of the Trust Fund on behalf of the beneficiaries.

**7.6** No Trust Cum Settlement Account to be closed or transferred by either party without prior approval of Bangladesh bank.

## **8. The balance between outstanding liability and the Trust Fund**

**8.1** At each day end, the Trustee shall ensure that the Trust Fund is greater than or equal to the outstanding liability to its customers and, or participants for issuing e-money/ payment instrument and, or settlement of transactions or sales proceeds.

**8.2** If there is any shortfall in the Trust Fund, the Trustee shall deposit the required amount to correct the mismatch.

**8.3** The Trustee and the Trust Cum Settlement Bank should share information about the outstanding liability of the Trustee and the Trust Fund recurrently to avoid any day end mismatch.

## **9. Investment of Trust Fund**

A certain portion, as instructed and, or approved by Bangladesh Bank from time to time, of the Trust Fund has to be invested in approved government securities, Fixed Deposit Receipt (FDR) and/or any other approved instrument. In the event of such investment:

- a) The principal amount of the investment shall always be credited back to the Trust Cum Settlement Account (TCSA) upon maturity or sale.
- b) Investment in FDR shall take place in the same Trust Cum Settlement Bank.

## **10. Interest on Trust Fund**

The MFS, PSP, PSO or any other entity authorized to hold Trust Fund shall maintain separate Operational Account linked to Trust Cum Settlement Account(s) for receiving interest and service charges. Any interest earned on the Trust Fund should be applied in the following way and following order of priority:

- a) Shall be used to pay any operating expenses of the Trust Fund including any government and/or bank fees;
- b) Pay expenses of the customer awareness and loyalty programs;
- c) The remaining balance may be paid as operating fees to the Trustee.

## **11. Operation of Trust Cum Settlement Account (TCSA)**

The operation of the Trust Cum Settlement Account(s) shall be subjected to the following conditions:

**11.1** The Trust Cum Settlement Account(s) shall be used for collecting, disbursing, holding, settling, fee realization and, or investing the Trust Fund received from customers and, or participants in the process of payment and settlement services.

**11.2** No loan is permissible against the Trust Fund and, or any other instruments that are derived from the Trust Fund. Therefore, the bank shall not issue any deposit certificate/guarantee for taking a loan or using the fund as collateral. The instrument should be marked as issued against Trust Fund.

**11.3** The Trust Cum Settlement Account and the Trust Fund cannot be used for /co-mingled with other day-to-day company operations of the Trustee.

**11.4** The Trust Cum Settlement Account shall be maintained in local currency with the scheduled bank(s) in Bangladesh.

**11.5** The Trustee may share the list of customers/merchants/aggregators and, or any other participants in its system with the Trust Cum Settlement Bank for mutual safety and security and update the same from time to time.

**11.6** All parties shall follow AML/CFT related policies and procedures issued by Bangladesh Bank, Bangladesh Financial Intelligence Unit, and other related government agencies.

**11.7** The Bank and Trustee should monitor transaction Caps (if any) for transactions through Trust Cum Settlement Account.

**11.8** The Trustee shall monitor debit/credit entries in the Trust Cum Settlement Account carefully and ensure compliance with relevant rules and regulations.

**11.9** In any circumstances, the Trust Fund shall be kept secured for the beneficiaries from other liabilities of the service provider.

**11.10** In case of multiple Trust Cum Settlement Accounts, the Trustee may transfer money from one Trust Cum Settlement Account to another Trust Cum Settlement Account.

**11.11** The Trustee may transfer realized fees/ charges to its linked operational account. Cash withdrawal from the Trust Cum Settlement Account is not permissible.

## **12. Disclosure**

The Trust Fund and the outstanding liability of the Trustee to its customers and, or participants should be presented separately in the audited Financial Statement of the Trustee.

## **13. Audit & Oversight**

**13.1** The Trustee shall have an effective internal audit mechanism to monitor its outstanding liability and the Trust Fund.

**13.2** The Trustee must appoint a Chartered Accountant Firm to conduct a separate audit to ensure that the outstanding liability and corresponding balances into the Trust cum Settlement Account(s) are audited for the compliance of requirement stated in clause 8.1 and obtain certification in this regard at least once each financial year. The Trustee must submit the said certification to the overseer within 30 days after the completion of the mentioned audit.

**13.3** The Trustee must provide Bangladesh Bank:

- a) The audited annual report; and
- b) Financial statements and, or reports as prescribed by Bangladesh Bank.

**14. Penalties for violation of condition**

Bangladesh Bank reserves the right of imposing financial penalties, withholding, suspending and cancelling the approval/NOC, if the activities of a service provider seem to be detrimental to public interest.

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