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## **Guidelines on payment statistics reporting**

### **1. General provisions**

1.1. These Guidelines have been developed in accordance with Article 63 of the Law of the Republic of Azerbaijan on the Central Bank of the Republic of Azerbaijan and regulate compilation and submission of payment statistics reporting.

1.2. The payment statistics reporting includes data on payment accounts and payment instruments, including electronic money, serviced and issued by banks, local branches of foreign banks and national postal operator (hereinafter – banks), payment and electronic money institutions, foreign payment institutions and local branches of e-money institutions (hereinafter – non-bank service providers), payment system operator and local branches of payment system operators (hereinafter – operators), non-bank credit institutions and local branches of non-bank credit institutions (hereinafter – NBCIs) in accordance with the legislation, domestic and international payment operations through the payment service network, the regional distribution of the payment service network across the Republic of Azerbaijan, payment service users, payment initiation service and account information service users and their operations, turnover and balances of accounts holding funds accepted for payment transactions, fraud operations with payment instruments, and other statistical data.

1.3. The goal of compiling the report is to enable the Central Bank of the Republic of Azerbaijan (hereinafter – Central Bank) to coordinate and regulate the activities of payment service providers and operators, as well as assess financial inclusion and obtain complete and comprehensive statistical data on cash and cashless turnover in settlements conducted by the statistical units specified in Section 1.2 of this Guideline.

### **2. Definitions**

2.1. The definitions used herein have the following meanings:

2.1.1. authorization – consent of the payment service user to the payment service provider to carry out a payment transaction.

2.1.2. account information service – online service to provide information on payment accounts held by the payment service user with one or more than one payment service provider.

2.1.3. account information service provider – a payment service provider that renders payment account information service.

2.1.4. payment initiation service – a service of issuing a payment order on the payment account opened with another payment service provider at the payment service user's request.

2.1.5. payment initiation service provider – a payment service provider that renders a payment initiation service to conduct a payment transaction.

2.1.6. payment account – an account opened for executing payment transactions of one or several payment service users.

2.1.7. prepaid payment instrument – a card- or network-based e-money that enables to pay for goods, works and services in the amount of initial load and/or withdraw cash.

2.1.8. payment card – a physical or virtual payment instrument used to make cashless payments or withdraw cash.

2.1.9. virtual payment card – a payment card issued without card user information or card details being physically loaded onto an electronic carrier (chip) or magnetic stripe.

2.1.10. debit payment card (hereinafter – debit card) – a card used to make cashless payments at the expense of funds in or withdraw cash from the account of a statistical unit's customer.

2.1.11. credit payment card (hereinafter - credit card) – a payment card used to make cashless payments or withdraw cash from a credit card allocated to its customer within specified conditions and limits at the expense of the statistical unit or specialized public institutions.

2.1.12. corporate card – a payment instrument that enables the execution of payment transactions using funds held in a payment account opened in connection with entrepreneurial activities of a legal entity or an individual engaged in entrepreneurship without establishing a legal entity

2.1.13. electronic money – a payment instrument placed at the disposal of the payment service user in the amount of money received, stored electronically, allowing to carry out payment transactions and accepted for payment by third parties along with the issuer.

2.1.14. electronic money institution – a legal entity that issues e-money and performs payment transactions related to electronic money under the license obtained in accordance with the Law of the Republic of Azerbaijan 'on Payment services and payment systems', and that has the right to provide other payment services if provided for in the license.

2.1.15. operator – a person that organizes activities of the payment system based on a license obtained in accordance with the Law of the Republic of Azerbaijan 'on Payment services and payment systems' and determines procedures for that system.

2.1.16. payment system participant – a person that enters into an agreement for participation in a payment system and is acknowledged as a participant under payment system rules.

2.1.17. payment service network – equipment or electronic platform owned by payment service providers used to conduct payment transactions with payment

instruments, including to withdraw cash, including, ATMs, POS-terminals, self-service terminals, website, mobile application, and other electronic networks.

2.1.18. payment terminal – equipment, that enables a payment operation to be carried out with payment instruments, including cash.

2.1.19. self-service terminal – equipment supplied with relevant software that enables payers to make payments in cash or via payment cards and provides them with a confirmation of payment, excluding ATMs and POS-terminals.

2.1.20. A POS terminal – equipment designed for conducting cashless payments (including contactless payments) and/or withdrawing cash, including mobile devices equipped with the necessary software (mobile phones and other end equipment capable of receiving services via public telecommunication networks of mobile operators (cellular services)).

2.1.21. payment agent – a legal entity or an unincorporated individual providing payment services on behalf of a bank, a payment institution or an electronic money institution based on the agreement concluded with them.

2.1.22. acquiring – a service provided by payment service providers for receipt and processing of information on transactions with payment instruments by concluding an agreement with the payee and resulting in the transfer of funds in favor of the payee, or the cash withdrawal.

2.1.23. Internet banking – the use of banking services by the user over the Internet without installing specific software but by completing the necessary authentication process.

2.1.24. mobile banking – the use of banking services by the user through mobile communication channels (GSM, CDMA, 3G, HSPA+, WiFi, LTE, etc.) via mobile devices (mobile phones, tablets, etc.) by installing the necessary software and completing the required authentication process.

2.1.25. PC banking – the use of banking services by the user through a dedicated communication channel or the internet network (www – World Wide Web) by installing the necessary software on a personal computer.

2.1.26. e-commerce – activities carried out involving the buying and selling of goods, supply of services, and the execution of tasks using information systems (including downloading e-books, music, audio-video materials, graphic images, virtual games, software, placing advertisements, and other similar tasks and services via the internet).

2.1.27. money remittance – a transaction involving transfer of funds to the payee without opening a payment account in the payer's and/or payee's name.

2.1.28. money remittance systems – the system enabling to money transfers within the country and abroad.

2.1.29. direct debit – a payment instrument used to debit the payer's payment account based on the payee's payment order with the prior consent of the payer to the payee and the payment service provider.

2.1.30. credit transfer (payment order) – a payment instrument used by the payment service provider servicing a payment account based on the payer's payment order for the purpose of transferring funds.

2.1.31. contactless payment card – a payment card equipped with a radio-frequency identifier, enabling contactless payments.

2.1.32. contactless payment transaction – a payment transaction carried out by transmitting card information via radio frequencies using contactless technologies.

2.1.33. contactless payments without customer authentication – a payment transaction conducted by simply bringing the contactless payment card close to the POS terminal by the card user.

2.1.34. contactless payments with customer authentication – a contactless payment transaction performed by the card user on a POS terminal by entering the PIN code (Personal Identification Number).

2.1.35. successful operation – receiving a positive response to the authorization request made by the acquirer or its operator.

2.1.36. unsuccessful operation – receiving a denial response or no response at all to the authorization request made by the acquirer or its operator.

2.1.37. financial transaction – an operation in which the movement of funds is involved as a result of the conducted transaction.

2.1.38. non-financial transaction – an operation in which the movement of funds is not involved as a result of the conducted transaction.

2.1.39. chargeback – the issuer or its operator's request to return funds without acceptance for a disputed transaction.

2.1.40. SHA-2 (Secure Hash Algorithm) – one-way secure hash algorithm.

2.1.41. representment/second presentment – the request for a disputed payment to be returned to the acquirer without acceptance, in the case the acquirer disagrees with the initiated chargeback request.

2.1.42. token transaction – a payment transaction conducted by encrypting **and** replacing card information using a special algorithm.

2.1.43. Lost/Stolen Card frauds – fraudulent activities that occur as a result of a payment card being lost or stolen, or when the card is used without the cardholder's consent or authorization.

2.1.44. account takeover, fraudulent application – form of fraud in which a third party uses various means (such as fake mobile applications, fake websites, data collection software, impersonating an employee of a payment service provider, etc.) to capture the user's personal accounts or unique information (such as payment card numbers, the user's address, passwords, secret answers, etc.) to illegally obtain funds.

2.1.45. Counterfeit/Skimming – fraudulent activity resulting from the use of payment cards that have been counterfeit or illegally created by copying or altering the magnetic stripe on the card and modifying the information on it. Skimming is the process of copying

the data from the magnetic stripe of a valid card, which is then used to create a counterfeit magnetic stripe for fraudulent purposes.

2.1.46. CNP frauds – a fraudulent activity that occurs when the payment card information belonging to the cardholder is used without his/her consent (without physically presenting the card), through means such as phone, email, internet, etc.

2.1.47. Collusive Merchant & Multiple Imprint –fraudulent transactions carried out by business entities or their employees as a result of dealing with fraudsters (such as the cancellation of excess amounts, executing the same transaction multiple times, etc.).

2.1.48. other fraudulent transactions – fraudulent activities that occur as a result of situations not set out in sub-items 2.1.43-2.1.47 herein. For example, unauthorized access to a cardholder's account to use the card account without the cardholder's consent, or fraudulent activities involving the use of an imprinter to capture card information in business entities and subsequently using the captured data, and other similar fraud cases.

2.2. The definitions 'resident' and 'non-resident' used in these Guidelines bear the meanings set out in the Law of the Republic of Azerbaijan 'on Currency Regulation', while other definitions bear the meanings specified in the Law of the Republic of Azerbaijan 'on Payment services and payment systems', as well as regulations and normative legal acts.

### **3. Content and compilation of reports submitted by banks**

3.1. Banks payment statistics reporting (hereinafter – PS-Bank report) include the following statistic forms:

3.1.1. 'Statistic report on cash-out operations with payment cards issued by a statistic unit' (Pro-Form PS-1 – Annex # 1) includes data on the number and amount of operations using debit and credit cards issued by a statistic unit via PSN over the reporting period both domestically and internationally:

3.1.1.1. Data on the number and amount of operations with debit and credit cards issued by the bank via PSN over the reporting period both domestically and internationally in the 'Operations with payment cards issued by a bank' section are based upon related data from the 'Operations with debit cards issued by a bank' and 'Operations with credit cards issued by a bank' sections.

3.1.1.2. The 'Cash-out operations with debit cards issued by a bank' includes operations with debit cards issued by the bank.

3.1.1.3. 'Cash-out operations with credit cards issued by a bank' section includes operations with bank-issued credit cards.

3.1.1.4. 'Total operations' include operations with payment cards issued by the bank via PSN owned both by the bank and other payment service providers.

3.1.1.5. 'Out of which operations in bank owned PSN' only includes operations with payment cards issued by the bank in the PSN owned by the bank.

3.1.1.6. The 'Operations conducted abroad' includes the number and value of transactions such as cash withdrawals and payments made via payment terminals (ATMs,

POS terminals, and self-service terminals), as well as payment transactions carried out through websites, mobile applications, and other electronic networks.

3.1.1.7. The 'Domestic operations' includes the number and value of payment transactions carried out via ATMs, POS terminals, websites, mobile applications, and other electronic networks, self-service terminals, as well as the number and value of other transactions not classified under these groups.

3.1.1.8. Operations on ATMs and POS-terminals are classified as cash (withdrawals) and cashless (payments).

3.1.1.9. The 'Payment transactions conducted via websites, mobile applications, and other electronic networks' section in the report form classifies payments for goods, works, or services through e-commerce, as well as transfers to payment cards, electronic money, or other payment accounts or instruments carried out via websites or mobile applications.

3.1.1.10. The 'Transactions via self-service terminals' section in the report form classifies payments, transfers to payment cards, transfers to electronic money, and transfers to other payment accounts or instruments.

3.1.2. In the 'Statistic report on the purpose of overseas payment operations with payment cards issued by the statistic unit' (Pro-Forma PS-2 – Annex #2) payment for the cost of goods, works or services through ATMs, POS-terminals, self-service terminals and websites, mobile applications and other e-network with payment cards issued by the bank overseas on the reporting month is indicated based upon the merchant's category code.

3.1.3. 'Regional distribution of payment service network owned by a bank' (Pro-Form PS-3 – Annex #3) includes the number of bank-owned ATMs, POS terminals, self-service terminals, and exchange terminals equipped with software enabling currency exchange, physically installed and operational in specific regions, and for electronic commerce, the number of registered virtual POS terminals by regions.

3.1.3.1. ATMs are classified in terms of cash-in, exchange (without using a payment card), recycling and those that receive contactless payments.

3.1.3.2. POS-terminals are classified in terms of the capacity to receive contactless payments, installation in statistic unit's HQs and operational units or in retail trade, catering, and service entities. POS-terminals installed in retail trade, catering and service entities are classified as those that accept contactless payments, the mobile POS-terminal (Tap to Phone) feature, as enabling cash disbursement at retail outlets (POS-cash) and active usage during the reporting period. The POS-terminal that executes at least 4 (four) payment transactions over a month is deemed active.

3.1.3.3. self-service terminals are classified based on their functionality to accept payment cards and foreign currency.

3.1.4. The 'Statistic report on the purpose of payment operations with payment cards issued by resident and non-resident payment service providers at the PSN owned by the bank' (Pro-Form PS-4 – Annex #4) reflects payment transactions via bank-owned ATMs, POS terminals, websites, mobile applications, other e-networks, and self-service terminals using payment cards issued by resident (including those issued by the bank) and non-resident

payment service providers (PSPs) under the merchant's category code on the reporting month:

3.1.4.1. The report reflects payment operations through payment terminals (ATMs, POS-terminals, and self-service terminals) on Baku and regions.

3.1.5. The 'Statistic report on the structure and turnover of bank-issued payment cards' (Pro-Form PS-5 – Annex#5) consists of the 'Statistic report on the structure of payment cards issued by bank' (PS-5.1) and the 'Statistic report on turnover of payment cards issued by the statistic unit' (PS-5.2):

3.1.5.1. The 'Statistic report on the structure of payment cards issued by the bank' (PS-5.1) includes the number of payment cards and users by their purpose, payment systems, and type of data carrier; the purpose of payment cards, their distribution across payment systems, and the number and value of cash-in/cash-out transactions based on the type of data carrier for the reporting period.

3.1.5.2. payment cards (including virtual cards) are divided into debit and credit cards in terms of their purpose:

3.1.5.2.1. Debit cards are classified as social cards, salary cards and other cards in terms of their purpose.

3.1.5.2.1.1. social cards:

3.1.5.2.1.1.1. pension cards – cards used for old-age labor pension, disability pension and family pension.

3.1.5.2.1.1.1.1. inactive pension cards – payment cards that have not received any deposits related to pensions within the last 180 days.

3.1.5.2.1.1.1.2. old-age labor pension – a card used for the payment of old-age pension.

3.1.5.2.1.1.2. social allowance card – card used to deliver monthly (lifetime assistance to public servants, allowance by age, disability allowance, allowance for loss of head of family, home care allowance for children under 3 years of age, allowance to low-income families with children under 1 year of age etc.) and one-off (allowance for persons damaged from radiation accident for annual treatment, childbirth allowance, funeral allowance etc.) money funds, as well as targeted social aid, allowances to internally displaced persons to render social assistance to persons of particular categories as specified in the Law of the Republic of Azerbaijan on Social Allowances.

3.1.5.2.1.1.3. subsidy (aid) allocated from the state budget – a card used for financial resources provided free of charge to relevant persons at the expense of the state budget.

3.1.5.2.1.1.4. tuition card – card used to deliver target scholarship and scholarship set for students on bachelor's and master's degrees, specialized secondary and vocational schools.

3.1.5.2.1.1.5. other social cards – other social cards not related to the above.

3.1.5.2.1.2. salary cards:

3.1.5.2.1.2.1. on public (authorities) institutions, state owned enterprises and organizations.

3.1.5.2.1.2.1.1. inactive salary cards for public authorities (institutions), and state-owned enterprises and organizations – payment cards that have not received any deposits related to salaries within the last 180 days.

3.1.5.2.1.2.2. by the public sector.

3.1.5.2.1.2.2.1. inactive salary cards for the private sector – payment cards that have not received any deposits related to salaries within the last 180 days.

3.1.5.2.1.3. other debit cards – other debit cards not attributed to the above cards.

3.1.5.2.2. The section related to credit cards reflects the indicators of cards issued through concessional loans, funded by specialized public authorities.

3.1.5.3. Payment cards are classified by payment systems, including Visa, Mastercard, American Express, Diners Club, UnionPay, local cards, and other systems.

3.1.5.3.1. Cards under the Visa and Mastercard payment systems are classified into premium, standard, and other categories.

3.1.5.3.1.1. The 'out of which Visa Business' and 'out of which Mastercard Business' lines include both premium and standard business cards.

3.1.5.4. Payment cards are classified by data carrier into magnetic stripe cards, hybrid cards (magnetic stripe and microprocessor-based), and virtual payment cards.

3.1.5.5. 'Statistic report on turnover of payment cards issued by the bank' (PS-5.2) includes the number of payment cards in circulation as of the beginning of the reporting period, issued to/withdrawn from circulation during the reporting period, in circulation as of the end-period, not used over the reporting period (a payment card with which the user has made no payment or withdrawn no cash), those with which only encashment operations were conducted over the reporting period and their holders.

3.1.6. 'Statistic report on bank's customer accounts, transfers from and inflows to customer accounts' (Pro-Form PS-6 – Annex# 6) includes the types of accounts of bank's customers, the number of their accounts in terms of legal status, the number of remotely opened accounts, the number of users based on their legal status through electronic networks or devices, and the number and value of transfers from current accounts categorized by transfer type.

3.1.6.1. 'Statistic report on bank's customer accounts, transfers from and inflows to customer accounts' (Pro-Form PS-6 – Annex# 6) consists of the 'Statistic report on bank's customer accounts' (PS-6.1) and the 'Statistic report on transfers from and inflows to bank's customer accounts' (PS-6.2):

3.1.6.1.1. 'Statistic report on bank's customer accounts' (PS-6.1) classifies the bank customers' deposit accounts, current accounts, including current accounts opened for the purpose of granting loans based on the number of accounts and account holders during the reporting period and as of the end of the period. The 'active accounts' as of the end-period should exclude accounts, whose balance is zero over recent 36 (thirty-six) months, and those with which no debiting or crediting were conducted.

3.1.6.1.1.1. The 'Number of customer accounts by types of accounts' includes the number of deposit, credit and current customer accounts opened for granting loans.

3.1.6.1.1.2. 'Deposit accounts in terms of legal status' classifies deposit accounts in terms of individuals, including unincorporated individuals and legal entities.

3.1.6.1.1.3. The 'Number of deposit accounts by maturity' classifies deposit accounts as term and demand deposits.

3.1.6.1.1.4. 'Credit accounts in terms of legal status' classifies the number of loans in terms of individuals, including unincorporated individuals and legal entities. The 'Number of current accounts opened for granting loans' section classifies the number of current accounts used for recording loans to customers individual customers including unincorporated individuals, as well as legal entities.

3.1.6.1.1.5. The 'Number of current accounts opened for granting loans by maturity' classifies the number of current accounts where customers' loans are recorded into long-term loans (over 360 days) and short-term loans (up to 360 days).

3.1.6.1.1.6. 'Current accounts in terms of legal status' classifies the number of current accounts in terms of individuals, including unincorporated individuals and legal entities.

3.1.6.1.1.7. 'Number of users by legal status of individuals on electronic networks or devices' classifies customers using internet and mobile banking services into individuals, including unincorporated individuals, as well as legal entities, and those using PC banking.

3.1.6.1.1.8. The table includes the number of accounts opened and customers attracted (both existing and new) by the bank during the reporting period, the indicators as of the end of the period show the actual number of customers and accounts at the end of the period.

3.1.6.1.2. 'Statistic report on transfers from/to bank's customer accounts' (PS-6.2) reflects the number and value of current accounts of bank customers on the reporting month.

3.1.6.1.2.1. 'Transfers from current accounts in terms of legal status' classifies the number and value of transfers from current accounts in terms of individuals, including unincorporated individuals and legal entities.

3.1.6.1.2.2. 'Internal and external transfers from current accounts in terms of the type of transfers' classifies the number and value of internal and external (domestic and abroad) transfers from customers' current accounts on individuals, including unincorporated individuals and legal entities.

3.1.6.1.2.3. 'Types of transfers from current accounts' classifies the number and value of transfers from customers' current accounts by type, including transfers made via paper-based instruments (credit transfers, direct debits, others) and those made through electronic networks or devices (internet banking, mobile banking, PC banking, others).

3.1.6.1.2.3.1. If the transfer of funds from a current account is based on documents submitted on paper, the transactions are recorded in the corresponding rows of the 'Transfers via Paper-Based Instruments' section.

3.1.6.1.2.3.2. If the transfer of funds from a current account is based on documents submitted via electronic networks or devices, the transactions are recorded in the corresponding rows of the 'Transfers via Electronic Networks or Devices' section.

3.1.6.1.2.3.2.1. The rows for internet banking, mobile banking, and PC banking specify payments and transfers made through customer's current accounts, as well as payment cards linked to the respective electronic banking platform.

3.1.6.1.2.3.2.2. In the 'Transfers via Electronic Networks or Devices' section, the 'of which, others' row records payments and transfers made through the current accounts and payment cards of the bank's customers that are linked to e-banking platforms not owned by the bank.

3.1.6.1.2.4. The 'Incoming Transfers to Current Accounts by Legal Status' section classifies the number and value of incoming transfers to customers' current accounts by individuals, including unincorporated individuals and legal entities.

3.1.6.1.2.5. The 'Incoming Transfers to Current Accounts by Type of Internal and External Transfers' section classifies the number and value of internal and external (domestic and international) incoming transfers to customers' current accounts by individuals, including unincorporated individuals and legal entities.

3.1.7. 'Statistic report on cash-out operations in bank owned PSN with payment cards issued by PSPs' (Pro-Form PS-7 – Annex# 7) classifies the number and value of operations with payment cards issued by resident (including payment cards issued by a bank) and non-resident PSPs in the bank owned PSN in terms of payment types (cash withdrawals and payments) and payment systems over the reporting month:

3.1.7.1. Payment cards are classified on payment systems Visa, MasterCard, American Express, Diners Club, Union Pay, local cards and other systems.

3.1.7.2. The report classifies operations on ATMs, POS-terminals and self-service terminals on Baku and regions.

3.1.7.3. Operations on ATMs and POS-terminals are classified in terms of cash (cash withdrawal) and cashless (making payments) operations.

3.1.8. 'Statistic report on operations via bank-used money transfer systems' (Pro-Form PS-8 – Annex# 8) records the number and value of transfers to/from a bank unit in national and foreign currencies (manat equivalent of foreign currency operations) via local and foreign money transfer systems for the reported period:

3.1.8.1. 'Transfers to/from the bank via money transfer systems' are classified in terms of the names of money transfer systems, whether domestic or abroad, a payment method.

3.1.8.2. 'Transfers to/from the bank through money transfer systems' are classified in accordance with enlisted names of money transfer systems. In the event of transfers to/from the bank through the money transfer system not included to the list, those transactions should be recognized in the 'other' option.

3.1.8.3. The report specifies transfers through money transfer systems without opening accounts or from customer's current account.

3.1.9. 'Statistic report on transactions through money transfer systems used by the bank on regions' (Pro-Form PS-9 – Annex# 9) records the number and value of total transfers to/from the bank through money transfer systems (domestic and foreign) over the reporting

period, including in foreign currency (manat equivalent of foreign currency denominated transactions) across regions:

3.1.9.1. The report only recognizes transactions conducted through money transfer systems with the payment method identifiable regionally (visiting HQs and operational units, through a payment terminal, other).

3.1.10. 'Statistic report on the purpose of cash operations on bank owned PSN' (Pro-Form PS-10 – Annex#10) includes the number and value of cash payments in bank owned ATMs and self-service terminals in terms of their purpose:

3.1.10.1. The report classifies payments through ATMs and self-service terminals on Baku and regions.

3.1.11. The 'Statistic report on transactions for outflow of funds via electronic money issued by the bank and via electronic money issued by payment service providers within the Bank's PSN' (Form PS-Bank-11 – Annex No. 11) consists of the 'Statistic report on transactions for outgoing funds via electronic money issued by the bank' (PS-Bank-11.1), the 'Statistic report on transactions for outgoing funds via electronic money issued by payment service providers within the Bank's PSN' (PS-Bank-11.2) and the 'Statistic report on the structure of electronic money issued by the bank' (PS-Bank-11.3):

3.1.11.1. 'Statistic report on transactions for outgoing funds via electronic money issued by the bank' (PS-Bank-11.1) includes the number and value of electronic money operations, including the number and value of self-owned PSN.

3.1.11.1.1. 'Statistic report on transactions for outgoing funds via e-money issued by the bank classifies domestic and foreign card-based and non-card-based operations.

3.1.11.1.2. 'Total operations' includes transactions conducted using e-money issued by the bank both within the bank's own PSN and within the PSNs of other PSPs.

3.1.11.1.3. 'Of which, transactions conducted within the bank's own PSN' includes only the transactions conducted with electronic money issued by the bank within its PSN.

3.1.11.1.4. in the report form the number and value of transactions conducted abroad include cash withdrawals, payments made via payment terminals (ATMs, POS terminals, and self-service terminals), as well as payment transactions carried out through websites, mobile applications, and other electronic network channels.

3.1.11.1.5. In the report form, the number and value of transactions conducted in the country are the sum of the respective number and value of transactions carried out through the domestic PSN.

3.1.11.1.6. ATM and POS-terminal operations are classified in terms of cash (cash withdrawal) and cashless (payments) operations.

3.1.11.1.7. Payment transactions through websites, mobile applications, and other electronic networks are classified as payment for goods via electronic commerce, payment for work or services via electronic commerce, funds transfer to another payment card, funds transfer to electronic money and funds transfer to a payment account or instrument.

3.1.11.1.8. Self-service terminals are classified as payment transactions, funds transfer to a payment card, funds transfer to electronic money and funds transfer to another payment account or instrument.

3.1.11.2. 'Statistic report on transactions for outgoing funds via e-money issued by payment service providers within the bank's PSN' (Form PS-Bank-11.2), classifies the number and value of transactions carried out during the reporting period using electronic money issued by resident and non-resident payment service providers (including electronic money issued by the bank) according to the types of payments (cash withdrawals and payments) and payment systems.

3.1.11.2.1. operations with e-money issued by resident and non-resident payment service providers are classified in terms of bank's service network and payment systems.

3.1.11.3. 'Statistic report on the structure of e-money issued by the bank' (PS-Bank-11.3) specifies the number of electronic money holders on e-money issued by the bank, and the number and value of transactions with electronic money, as well as the balance value of e-money as of the end-period. Users of electronic money are classified based on whether they are personalized or non-personalized e-money users.

3.1.12. 'Statistic report on operations in bank owned payment terminals throughout regions' (Forma PS-Bank-12 – Annex №12) classifies the number and value of payment card and cash operations in bank owned ATMs, POS-terminals, and self-service terminals, including the number of cards used across regions over the reporting period.

3.1.13. The 'Statistic report on cash-out card transactions in bank owned ATMs' (Pro-Form PS-13 – Annex # 13) includes the number of cash (banknotes) withdrawn with payment cards from bank owned ATMs in Baku and regions over the reporting period.

3.1.14. 'Statistic report on transactions with bank owned payment cards beyond the country in service network owned by non-resident payment service providers' (Pro-Form PS-14 – Annex # 14) classifies the number and value of cash and cashless operations with bank owned payment cards abroad by countries over the reporting period:

3.1.14.1. cashless operations classify payment operations, POS-terminal and other operations conducted in non-resident merchants registered abroad through the website, mobile applications, and other electronic network.

3.1.14.2. cash operations classify cash-out operations beyond the country in the service network owned by non-resident PSPs, including ATMs, POS-terminals, and other network.

3.1.15. 'Statistic report on operations with payment cards owned by non-resident payment service providers in the bank owned service network' (Forma PS-Bank-15 – Annex №15) classifies the number and value of cash and cashless operations with payment cards owned by non-resident PSPs in the bank owned service network by countries over the reporting period.

3.1.16. Statistical report on individual customers who are current account holders and payment card users of the bank' (Form PS-Bank-16 – Annex No. 16) consists of 'Statistical report on individual customers of the bank' (PS-Bank-16.1) and 'Statistical report on individual customers of the bank identified based on FIN' (PS-Bank-16.2):

3.1.16.1. 'Statistic report on bank's individual customers' (PS-Bank-16.1) classifies resident individuals identified on a PIN-basis, resident individuals identified based on the number of identity card in the absence of PIN and non-resident individuals by their number depending on the method of identification of current account holders and card users.

3.1.16.2. 'Statistic report on residential individuals identified on a PIN-Basis' (PS-Bank-16.2) specifies the unique hash data (64 characters) of the PIN (which should consist of uppercase letters) of individual current account and payment card holders, converted (hashed) based on the 'SHA-2, 256-bit' one-way secure hash algorithm.

3.1.16.2.1. PIN-linked accounts are classified as deposit accounts, current accounts, including current accounts opened for granting loans. If an account exists under the respective PIN-linked classification, a '+' sign, if no such account exists, a '-' sign is placed.

3.1.16.2.1.1. If a total of at least 3 (three) cash-out transactions (in cash or cashless) have been carried out across one or more current accounts during the reporting period, the PIN is deemed active, and the symbol 'A' is indicated in the respective field. The symbol 'P' stands for a PIN not deemed active.

3.1.16.2.1.1.1. 'Average balance for current account(s)' specifies the indicator calculated based on the sum of the end-of-day balances of the current account for each transaction day during the reporting period, divided by the number of transaction days in that period. If there are multiple current accounts, the total of the average balances across all accounts is recorded.

3.1.16.2.1.2. If income is generated from the balance of funds held in at least one deposit account (in case of multiple accounts), the PIN is deemed active, and the symbol 'A' is indicated in the respective field. The symbol 'P' stands for a PIN not deemed active.

3.1.16.2.1.2.1. The 'Balance of Deposit Account(s)' specifies the amount of funds held in the respective account as of the last calendar day of the reporting period. If there are multiple deposit accounts, balances of respective accounts are summed and recorded.

3.1.16.2.1.3. If there is an active credit exposure on at least one of the current accounts opened for granting loans (in case of multiple accounts), the PIN is deemed active, and 'A' is indicated in the respective field. The symbol 'P' stands for a PIN not deemed active.

3.1.16.2.1.3.1. 'Balance of credit exposure(s)' specifies the outstanding amount as of the last calendar day of the reporting period, including the loan amount under the credit agreement, interest applied to the loan, and/or other payments specified in the agreement. If there are multiple credit exposures, the amounts are summed and recorded.

3.1.16.2.2. PIN-linked payment cards are classified as debit and credit cards.

3.1.16.2.2.1. PIN-linked debit cards are classified as social, salary and other debit cards. If a debit card exists under the respective PIN-linked classification, the symbol '+' is indicated; if not, the symbol '-' is noted. If a total of at least 3 (three) cash-out transactions (in cash or cashless) have been carried out with one or more PIN-linked debit cards during the reporting period, the PIN is deemed active, and the symbol 'A' is indicated in the respective field. The symbol 'P' stands for a PIN not deemed active.

3.1.16.2.2.1.1. In the 'Average balance per card' section for each classification of debit cards the indicator is calculated based on the sum of the end-of-day balances on the respective payment card for each transaction day during the reporting period, divided by the number of transaction days in that period. If there are multiple debit cards under the respective classification, the balances of all payment cards are summed and recorded.

3.1.16.2.2.2. If a total of at least 3 (three) cash-out transactions (in cash or cashless) have been carried out on one or more credit cards linked to the PIN during the reporting period, the PIN is deemed active, and the symbol 'A' is indicated in the respective field. The symbol 'P' stands for a PIN not deemed active.

3.1.16.2.2.2.1. 'Balance of credit exposure' specifies the outstanding amount as of the last calendar day of the reporting period, including the loan amount under the credit card agreement, interest applied to the credit, and/or other payments specified in the agreement. If there are multiple credit cards, outstanding balances per credit card are summed and recorded.

3.1.17. 'Statistic report on bank's legal entity and unincorporated individual customers' (Forma PS-Bank-17 – Annex №17) consists of the 'Statistic report on bank's legal entity customers' (PS-Bank-17.1) and 'Statistic report on bank's unincorporated individual customers' (PS-Bank-17.2) tables:

3.1.17.1. 'Statistic report on bank's legal entity customers' (PS-Bank-17.1) includes legal entities' TIN information. If a total of at least 3 (three) cash-out transactions (in cash or cashless) have been carried out on one or more payment accounts linked to the TIN during the reporting period, the TIN is deemed active, and the symbol 'A' is indicated in the respective field. For a TIN not deemed active, the symbol 'P' is indicated.

3.1.17.1.1. If a corporate card is linked to the TIN, the symbol '+' is indicated in the respective field; if no corporate card is linked, the symbol '-' is noted. If a total of at least 3 (three) cash-out transactions (in cash or cashless) have been carried out on one or more TIN-linked corporate cards during the reporting period, the TIN is deemed active, and the symbol 'A' is indicated in the respective field. For a TIN not deemed active, 'P' is indicated.

3.1.17.2. 'Statistic report on bank's unincorporated individual customers' (PS-Bank-17.2) provides information on the TIN of unincorporated individuals. If a total of at least 3 (three) cash-out transactions (in cash or cashless) have been carried out on one or more TIN-linked payment accounts over the reporting period, TIN is deemed active, and 'A' is indicated in the respective field. For a TIN not deemed active, the symbol 'P' is indicated.

3.1.17.2.1. If a corporate card is linked to the TIN, the symbol '+' is indicated in the respective field; if no corporate card is linked, the symbol '-' is noted. If a total of at least 3 (three) cash-out transactions (in cash or non-cash form) have been carried out on one or more TIN-linked corporate cards during the reporting period, the TIN is deemed active, and 'A' is indicated in the respective field. For a TIN not deemed active, the symbol 'P' is indicated.

3.2. The PS-Bank-4, PS-Bank-7, PS-Bank-10, and PS-Bank-13 reports should not include indicators for the Baku city under the indicators for other economic regions.

3.3. The content and order of compilation of banks' reports on fraudulent operations is set out in Section 7 of these Guidelines.

#### **4. Content and compilation of reports provided by non-bank payment providers**

4.1. The payment statistics reporting of non-bank payment service providers (hereinafter – PS-PSP report) includes the following statistic forms:

4.1.1. 'Statistic report on transactions conducted with e-money issued by e-money institutions (card and non-card based) (Forma PS-PSP-1 – Annex №18) includes the information on the number and value of transactions conducted domestically and internationally during the reporting period, using both card-based and non-card-based (network-based) e-money issued by an e-money institution:

4.1.1.1. 'Total Transactions' includes transactions conducted using e-money issued by the e-money institution, covering operations within the PSN belonging to both the e-money institution itself and other PSPs.

4.1.1.2. 'Transactions within its own payment service network' section includes only the transactions conducted using e-money issued by the e-money institution within the institution's own PSN.

4.1.1.3. The number and value of transactions conducted abroad are made up of cash withdrawals via payment terminals, payments made via payment terminals, payment transactions conducted through websites, mobile applications, and other e-networks (including payments for goods via e-commerce, payments for work or services via e-commerce, transfer of funds to other payment accounts and payment instruments, including transfers to payment cards). The total number and value of transactions are based on these categories.

4.1.1.4. The number and value of transactions conducted in the country are made up of the number and value of payment transactions through ATMs, POS terminals, websites, mobile applications, and other electronic networks, transactions conducted via self-service terminals, and other transactions that do not fall under the mentioned groups.

4.1.1.4.1. 'ATM operations' classifies cash withdrawals via ATMs, payments via ATMs, including transfer of funds to payment cards, transfer of funds to e-money and other operations.

4.1.1.4.2 'POS-terminal operations' classifies cash withdrawals at PSPs via POS-terminals, cash withdrawals at merchants via POS-terminals (outside PSPs) and payments via POS-terminals, including contactless payments over POS-terminals, contactless payments with and without customer authentications via POS-terminals.

4.1.1.4.3. 'Payment transactions through websites, mobile applications and other e-networks' classifies payment for the value of goods, works or services through e-commerce, transfer of funds to payment accounts and payment instruments (including payment cards and e-money) and other transactions.

4.1.1.4.4. 'Self-service terminal operations' classifies payments via self-service terminals, transfer of funds to payment accounts and instruments (including to payment cards and e-money) and other operations.

4.1.2. 'Statistic report on the purpose of operations conducted in the PSN owned by non-bank PSPs (Forma PS-PSP-2 – Annex №19) specifies the purpose of payments, including cash and cashless transactions for the payment of goods, work, or services, as well as other payments in the PSN owned by a non-bank PSP based on the merchant's category code:

4.1.2.1. The report classifies the number and value of transactions according to payment transactions conducted through ATMs, POS terminals, self-service terminals, websites, mobile applications, and other electronic network tools.

4.1.3. 'Statistic report on placement of the PSN owned by non-bank PSPs by regions (Forma PS-PSP-3 – Annex №20) specifies the number of installed and put into operation ATMs, POS terminals, and self-service terminals physically located in the relevant region, as well as the number of registered virtual POS terminals for electronic commerce.

4.1.3.1. ATMs are classified based on their functions of accepting cash deposits (cash-in) and contactless payments.

4.1.3.2. POS terminals are specified based on their installation in the non-bank PSP's headquarters, operational divisions, payment agents, or in commercial, public catering, and service establishments. POS terminals installed in commercial, public catering, and service establishments are classified into mobile POS terminals (Tap to Phone) and those based on their active use during the period. A POS terminal is deemed to be actively used if at least 4 (four) payment transactions are performed during the month.

4.1.3.3. Self-service terminals are classified based on their function of accepting payments with payment cards

4.1.4. 'Statistic report on e-money holders and their operations' (Forma PS-PSP-4 – Annex №21) specifies the number of e-money holders as of the end-period, the number and value of the operations conducted during the reporting period:

4.1.4.1. 'E-money holders conducting cash-out operations' classifies e-money holders with and without authentication regarding card-based and card-based non (network-based) e-money.

4.1.4.2. 'Legal status of e-money holders conducting cash-out operations' classifies them by legal entities and individuals, including unincorporated individuals.

4.1.4.3. 'Cash-in to e-money by payment instruments' classifies operations conducted with cash, payment cards, credit transfers, other e-money and other means that do not fall under the said groups.

4.1.4.4. E-money deposits through the PSN of a non-bank PSP' classifies transactions based on those conducted via payment terminals, websites, mobile applications, and other means not covered by the listed methods

4.1.4.5. 'Purpose of payments with e-money' specifies payment operations in accordance with the merchant's category code.

4.1.4.6. 'Redemption of the residual value of e-money' refers to the withdrawal of cash (including through ATMs, the head office and operational units of non-bank PSPs, payment agents, and other methods) or transfer to a payment account (including legal entities, individuals, and unincorporated individuals).

4.1.4.7. 'Residual value of e-money as of the end-period' reflects the residual value of e-money held by e-money holders serviced by the non-bank PSP as of the end of the period.

4.1.5. 'Statistic report on payment service users of the non-bank PSP and their operations' (Forma PS-PSP-5 – Annex №22) includes the number of service users as of the end-period, the number and value of operations conducted during the reporting period:

4.1.5.1. 'Payment service users who conducted cash-out operations' classifies users whether they are authenticated and not authenticated.

4.1.5.2. 'Legal status of payment service users who conducted cash-out operations' classifies payment service users by legal entities, individuals, and unincorporated individuals.

4.1.5.3. 'Cash-in to payment accounts on payment instruments' classifies them in terms of cash, payment cards, credit transfers, other means not attributable to e-money and those listed.

4.1.5.4. 'Cash-in to payment accounts through the PSN of non-bank PSPs' classifies by payment terminals, websites, mobile applications and other means not attributable to the listed.

4.1.5.5. 'Purpose of payments conducted with payment accounts and payment instruments (excluding e-money' classifies payments in accordance with the merchant's category code.

4.1.6. 'Statistic report on operations conducted through money transfer systems used by non-bank PSPs' (Forma PS-PSP-6 – Annex №23) specifies the number and value of cash-in/cash-out to/from non-bank PSPs in national and foreign currencies (the manat equivalent of transactions conducted in foreign currencies) via money transfer systems:

4.1.6.1. cash-in to and cash-out from non-bank PSPs via money transfer systems are classified by the names of money transfer systems, as well as by domestic and international transfers, and payment methods.

4.1.6.2. cash-in operations on non-bank PSPs are classified by the disbursement of inflows to non-bank PSPs for payment service users by visiting the headquarters, operational branches, and payment agents; electronically (via a website or mobile application); via payment terminals; and by other means. Outflows from non-bank PSPs are classified by the methods of execution, including visiting the headquarters, operational branches, and payment agents; electronically (via a website or mobile application); through payment terminals (including cash deposits and payment instruments); and by other means.

4.1.6.3. The report classifies inflows to and outflows from non-bank PSPs via money transfer systems according to the names listed in the provided directory of money transfer systems. If any inflows to or outflows from non-bank PSPs are conducted via a money

transfer system not included in the directory, such transactions should be recorded under the 'Other' category.

4.1.6.4. The report format should consider transfer transactions conducted via money transfer systems based on the customer's instructions, without opening an account or using the customer's existing account.

4.1.7. 'Statistic report on payment service users by payment initiation and account information services to conduct payments' (Forma PS-PSP-7 – Annex №24) specifies the number of payment service users by payment initiation and account information services to conduct payments.

4.1.8. 'Statistic report on the turnover and balances of the accounts where the funds accepted for payment operations by the non-bank PSP are held to conduct payment operations (Forma PS-PSP-8 - Annex №25) specifies the information regarding the turnover and balances of the accounts where the funds accepted for payment operations by the non-bank PSP are held, including the name of the bank and the account number for the reporting period. The information should include the name of the bank and the account number, along with the turnover and balances for each account, detailed by operational days. If the non-bank payment service provider holds the accepted funds for payment operations in multiple separate accounts, the relevant report should be submitted separately for each account.

4.1.9. 'Statistic report on personalized individual customers of non-bank PSPs who are e-money and payment account holders (Forma PS-PSP-9 – Annex №26) consists of 'Statistic report on personalized individual customers of non-bank PSPs' (PS-PSP-9.1) and 'Statistic report on individual customers, identified based on the PIN information of the non-bank PSP, who are payment account holders' (PS-PSP-9.2) tables:

4.1.9.1. 'Statistic report on personalized individual customers of non-bank PSPs' (PS-PSP-9.1) classifies the number of resident individuals, identified based on PIN information or, in the absence of a PIN, based on the number of an identity document, as well as non-resident individuals, who are holders of payment accounts and e-money at a non-bank PSP according to the method of identification.

4.1.9.2. 'Statistic report on individual customers, identified based on the PIN information of the non-bank PSP, who are payment account holders' (PS-PSP-9.2) specifies the unique hash (64 characters) of the PIN (in uppercase) of an individual holding a current account, converted (hashed) using the 'SHA-2, 256bit' one-way secure hash algorithm. If, for one or more payment accounts linked to the PIN, at least three transactions (either in cash or cashless) have been made during the reporting period, the PIN is deemed active, and the letter 'A' is marked in the relevant column. If the PIN is not deemed active, the letter 'P' is marked.

4.1.9.2.1. 'Average balance of electronic money in payment account(s)' specifies the indicator calculated by dividing the sum of the balance at the end of each operational day of the reporting period by the number of operational days in that period. If there are multiple payment accounts, the total of the average balances for all accounts is reported.

4.1.10. 'Statistic report on legal entity and unincorporated individual customers of non-bank PSPs' (Forma PS-PSP-10 – Annex №27) specifies TIN information of legal entity and unincorporated individual customers. If, for one or more payment accounts linked to the TIN, at least three (3) cash-out transactions (in cash or cashless) have been made during the reporting period, the TIN is deemed active, and the letter 'A' is marked in the relevant column. If the TIN is not deemed active, the letter 'P' is marked.

4.2. The content and order of compilation of fraudulent operations of non-bank PSPs are set out in Section 7 of this Guideline.

## **5. Content and compilation of reports provided by operators**

5.1. Operators' payment statistics reporting (hereinafter – PS-PSO report) consists of the following statistic forms:

5.1.1. 'Statistical report on operations related to cash-out operations through payment instruments issued by participants served by the operator' (Form PS-PSO-1 – Annex №28) consists of the 'Statistical report on operations related to cash-out operations carried out through payment cards issued by participants served by the operator' (PSO-1.1), and the 'Statistical report on operations related to cash-out operations carried out through e-money issued by participants served by the operator' tables (PSO-1.2).'

5.1.1.1. 'Statistical report on cash-out operations carried out through payment cards issued by participants served by the operator' (PSO-1.1) includes information on the number and value of transactions conducted within the country and abroad using payment cards issued by the payment system participants served by the operator during the reporting period:

5.1.1.1.1. In the report form, the number and value of transactions conducted abroad consist of the total number and value of the following operations: cash withdrawals through payment terminals, payments made through payment terminals, and payment transactions carried out via websites, mobile applications, and other electronic networks.

5.1.1.1.2. In the report form, the number and value of transactions conducted abroad consist of the total number and volume of the following operations: cash withdrawals through payment terminals, payments made through payment terminals, and payment transactions carried out via websites, mobile applications, and other electronic networks:

5.1.1.1.2.1. 'Transactions via ATMs' includes cash withdrawals via ATMs, payments made via ATMs, and other transactions conducted through ATMs.

5.1.1.1.2.2. 'Transactions via POS-terminals' includes cash withdrawals via POS-terminals, payments made via POS-terminals (including contactless payments through POS terminals), and other transactions conducted through POS terminals.

5.1.1.1.2.3. 'Payment transactions conducted via websites, mobile applications, and other e-networks' includes cashless transactions carried out through websites, mobile applications, and other e-networks.

5.1.1.1.2.4. 'Transactions via self-service terminals' includes transactions conducted through self-service terminals.

5.1.1.2. 'Statistical report on cash-out operations with e-money issued by participants served by the operator' (PSO-1.2), includes the information on the number and value of transactions conducted within the country and abroad using e-money issued by the payment system participants served by the operator during the reporting period:

5.1.1.2.1. In the report the number and value of transactions conducted abroad consist of the total number and value of cash withdrawals through payment terminals, payments made through payment terminals, and payment transactions via websites, mobile applications, and other e-networks.

5.1.1.2.2. In the report form, the number and value of transactions conducted within the country consist of the total number and value of payment transactions via ATMs, POS-terminals, websites, mobile applications, other e-networks, self-service terminals, as well as other transactions not classified under these groups.

5.1.1.2.2.1. 'ATM operations' specifies cash withdrawals via ATMs, payments via ATMs and other ATM operations.

5.1.1.2.2.2. 'POS-terminal operations' specifies cash withdrawals via POS-terminals, payments via POS-terminals, including contactless and POS-terminal operations.

5.1.1.2.2.3. 'Payment operations via websites, mobile applications, and other e-networks' specifies cashless operations via websites, mobile applications, and other e-networks.

5.1.1.2.2.4. 'Self-service terminal operations' specifies operations conducted through self-service terminals.

5.1.2 'Statistical report on financial and non-financial operations with payment cards issued by participants served by the operator' form (Form PS-PSO-2 – Annex №29) specifies the number and value of authorized successful and unsuccessful financial and non-financial operations, categorized by the type of operation, during the reporting period for the payment cards issued by the participants served by the operator.

5.1.2.1. Operations with payment cards issued by participants served by the operator, within the payment system participants' own network, within the operator's network (excluding operations within the participant's own network), as well as within the country and abroad, are divided into authorized financial and non-financial operations in the report.

5.1.2.1.1. authorized financial operations are classified as follows by their types:

5.1.2.1.1.1. person to person credit (P2P credit) – debiting funds from an account in a card-to-card transfer operations.

5.1.2.1.1.2. person to person debit (P2P debit) – crediting funds to an account in card-to-card transfers.

5.1.2.1.1.3. cash-in operations via ATMs (Deposit) – cash-in to the account via ATMs.

5.1.2.1.1.4. cash withdrawal (Cash) – cash withdrawing via ATMs.

5.1.2.1.1.5. quasi cash – transfers from cards to e-money, betting platforms, and exchanges.

5.1.2.1.1.6. Purchase – payment for goods, works and services via POS-terminals.

5.1.2.1.1.7. Manual cash – a cash withdrawal operation from a card via a POS terminal at branches of PSPs or at locations designated by the PSPs.

5.1.2.1.1.8. A refund operation at the customer's request – a type of operation executed to fully or partially return the amount paid for a successful transaction to the payer.

5.1.2.1.1.9. other financial operations – other operations that are not attributable to the above financial operations.

5.1.2.1.1.2. unauthorized non-financial operations are classified by their types as follows:

5.1.2.1.1.2.1. Balance inquiry – a balance inquiry operation on a card account.

5.1.2.1.1.2.2. Full account statement request – an operation to obtain a statement reflecting all financial transactions executed on a payment card during a specified period.

5.1.2.1.1.2.3. Mini statement – an operation to obtain a statement reflecting the most recent financial transactions executed on a payment card.

5.1.2.1.1.2.4. PIN change – the change of the personal identification number assigned to the payment card.

5.1.2.1.1.2.5. other non-financial operations – other operations not attributed to the above non-financial operations.

5.1.2.2. Authorized financial and non-financial operations are classified by the number of failed operations, the number and value of successful operations.

5.2.2.1. Operations are classified according to the payment service network (location) where they were conducted as follows:

5.1.2.2.1.1. 'Operations conducted within the participants' own network' covers all operations with payment cards issued by the participant served by the operator, in his/her/its own PSN.

5.1.2.2.1.2. 'Operations within the operator' – covers all operations with payment cards issued by the participants served by the operator, in the PSN of other participants also served by the operator.

5.1.2.2.1.3. 'Domestic operations' covers all operations with payment cards issued by the participants served by the operator, within the PSN of other PSPs operating in the country (excluding the operations specified in sub-items 5.1.2.2.1.1 and 5.1.2.2.1.2).

5.1.2.2.1.4. 'Operations abroad' covers all operations with payment cards issued by the participants served by the operator, within the PSN of foreign PSPs outside the country (excluding transactions conducted through local branches of foreign payment service providers operating in Azerbaijan based on a license obtained in the country)

5.1.3. 'Statistical report on financial and non-financial operations with payment cards issued by participants served by the operator, categorized by PSPs' form (Form PSO-3 – Annex №30) includes the number and value of authorized successful and unsuccessful financial and non-financial operations, specifying the participants served by the operator and the payment cards issued by them during the reporting period:

5.1.3.1. Authorized operations with payment cards issued by the participants served by the operator are classified into financial and non-financial operations.

5.1.4. 'Statistical report on fraudulent transactions related to payment cards issued by participants served by the operator and within their PSN' (Form PS-PSO-4 – Annex №31) specifies the indicators on fraudulent operations that occurred during the reporting period, both with payment cards issued by participants served by the operator and with payment cards issued by organizations not served by the operator, within the PSN of the participants:

5.1.4.1. 'Fraudulent operations with payment cards issued by participants served by the operator' specifies the number of payment cards, the number and value of operations related to frauds, both within the country and abroad. This also includes the number and value of fraudulent operations that occurred within the participants' own PSN.

5.1.4.2. 'Fraudulent operations with payment cards issued by organizations not served by the operator, within the PSN of participants served by the operator' specifies the number and value of fraudulent operations that occurred during the reporting period with payment cards issued by other resident and non-resident organizations within the PSN of participants served by the operator.

5.1.4.3. The fraud case status is classified as follows:

5.1.4.3.1. Detected fraud cases – operations classified as suspicious based on the rules established in the operator's system.

5.1.4.3.2. Prevented fraud cases – operations identified as fraudulent and prevented, based on the rules established in the operator's system.

5.1.4.3.3. Confirmed fraud cases – an operation conducted using the account, payment card, or personal information of the owner without his/her consent or authorization, which is deemed a fraudulent activity.

5.1.5. 'Statistical report on disputed operations conducted with payment cards issued by participants served by the operator' (Form PS-PSO-5 – Annex №32) specifies the number and value of disputed operations conducted during the reporting period with payment cards issued by participants served by the operator, both within the country and abroad. This also includes the number and value of disputed transactions conducted within the PSN of participants served by the operator.

5.1.5.1. Operations conducted with payment cards issued by participants served by the operator are classified based on the following reasons for disputed cases: chargeback, reason for re-opened disputes (representation/second presentation), disputes resolved in favor of and against the customers.

5.1.5.1.1. Disputed cases are classified as follows:

5.1.5.1.1.1. services not provided, or goods not acquired.

5.1.5.1.1.2. failure to receive cash or failure to credit the account.

5.1.5.1.1.3. mismatched card/account number.

5.1.5.1.1.4. fraud in an environment where the card is not physically presented.

5.1.5.1.1.5. fraud in an environment where the card is physically presented.

5.1.5.1.1.6. refusal to authorize.

- 5.1.5.1.1.7. lack of authorization.
- 5.1.5.1.1.8. late presentation.
- 5.1.5.1.1.9. erroneous currency or operation code.
- 5.1.5.1.1.10. duplicate processing.
- 5.1.5.1.1.11. goods/services that are not as described or are defective.
- 5.1.5.1.1.12. failure to execute the crediting of funds.
- 5.1.5.1.1.13. payment made using alternative methods.

5.2. In the PSO-2 and PSO-3 report forms operations in Azerbaijani manat, US dollars, and euros are reflected under the respective currency classifications. Transactions in currencies other than US dollars, euros, and manat are categorized under the 'Other' classification. Foreign currency transactions are recorded in manat equivalent according to section 8.7 of these Guidelines.

5.3. In the report forms, the indicators for payment instruments should include payment cards, electronic money, as well as other payment instruments.

## **6. Content and compilation of reports provided by NBCIs**

6.1. Payment statistics reporting of NBCIs (hereinafter – PS-NBCI report) consists of the following statistic reports:

6.1.1. 'Statistic report on cash-out operations with credit cards issued by NBCIs' (Forma PS-NBCI-1 – Annex №33) specifies the information on the number and value of operations conducted domestically and internationally using the PSN with credit cards issued by the NBCI during the reporting period.

6.1.1.1. The number and volume of operations outside the country in the reporting form consists of the sum of the number and value of cash withdrawals through payment terminals, payments, and payment transactions carried out via websites, mobile applications, and other electronic networks.

6.1.1.2. The number and value of operations conducted outside the country in the reporting form consists of cash withdrawals through payment terminals (ATMs, POS terminals and self-service terminals), payment operations conducted via websites, mobile applications, and other electronic networks.

6.1.1.3. The number and value of operations within the country in the reporting form consists of the sum of the number and value of operations through the domestic PSN.

6.1.1.4. ATM and POS-terminal operations are classified by cash (withdrawals) and cashless (payments) operations.

6.1.1.5. 'Payment operations via websites, mobile applications and other electronic networks' are classified as payment for goods, works or services through e-commerce and transfer of funds to a payment card, transfer of funds to e-money and transfer of funds to another payment account or instrument carried out via a website, mobile application.

6.1.1.6. self-service operations are classified by payments, transfer of funds to payment cards, transfer of funds to e-money, and transfer of funds to another payment account or instrument.

6.1.2. 'Statistic report on the structure and turnover of credit cards issued by NBCIs' (Forma PS-NBCI-2 – Annex №34) consists of the 'Structure of credit cards issued by NBCIs' (PS-NBCI-2.1) and 'Turnover of credit cards issued by NBCIs' (PS-NBCI-2.2) tables:

6.1.2.1. 'Statistic report on the structure of credit cards issued by NBCIs' (PS-NBCI-2.1) specifies the number of credit cards and users by payment systems as of end-period.

6.1.2.1.1. credit cards are classified by payment systems in the table.

6.1.2.1.1.1. Cards under the Visa and Mastercard payment systems are classified into premium, standard, and other categories.

6.1.2.1.1.2. 'Out of which Visa Business' and 'out of which Mastercard Business' rows include both premium and standard business cards.

6.1.2.2. 'Statistic report on the turnover of credit cards issued by NBCIs' (PS-NBCI-2.2) specifies the number of credit cards in circulation at the beginning of the reporting period, issued to and withdrawn from circulation during the reporting period, in circulation at the end of the reporting period, unused during the reporting period (credit card whose user did not make any payment or cash withdrawal during the reporting period), and only cash withdrawals and users during the reporting period.

6.1.3. 'Statistic report on individual card user customers of NBCIs' (Forma PS-NBCI-3 – Annex №35) consists of the 'Statistic report on individual customers of NBCIs' (PS-NBCI-3.1) and 'Statistic report on individual customers of NBCIs identified based on PIN information' (PS-NBCI-3.2) tables:

6.1.3.1. 'Statistic report on individual customers of NBCIs' (PS-NBCI-3.1) classifies by the number of resident individuals identified based on PIN information, in the absence of PIN, resident individuals identified based on the number of identity card and non-resident individuals depending on the method of identification of credit card users.

6.1.3.2. 'Statistic report on individual customers of NBCIs identified on a PIN-Basis' (PS-NBCI-3.2) specifies the unique hash data (64 characters) of the PIN (which should consist of uppercase letters) of individual current account and payment card holders, converted (hashed) based on the 'SHA-2, 256-bit' one-way secure hash algorithm. If a total of at least 3 (three) cash-out operations (in cash or cashless) have been carried out across one or more credit cards during the reporting period, the PIN is deemed active, and the symbol 'A' is indicated in the respective field. The symbol 'P' stands for a PIN not deemed active.

6.1.3.2.1. 'Credit exposure balance' shows the credit amount under the loan agreement for the credit card and balance of interest applied on the loan and (or) other payments specified in the agreement as of the last calendar day of the reporting period. If there are several credit cards, credit exposure balances for each credit card are recorded in aggregate.

6.1.3.3. 'Statistic report on legal entity and unincorporated individual customers of NBCIs' (Form PS-NBCI-4 – Annex No. 36) specifies information on the TIN of legal entities and unincorporated individuals. If there is a valid credit exposure on the TIN-linked

account, the TIN is deemed active and the 'A' sign is marked in the relevant box, the 'P' sign is marked for TINs that are not deemed active.

6.2. The content and order of compilation of reports of NBCIs on fraudulent operations are specified in sub-item 7.1.2 of this Guideline.

## **7. Content and compilation of reports on fraudulent operations by payment service providers**

7.1. Reports on fraudulent operations (hereinafter – PS-F report) consists of the following statistic reports:

7.1.1. 'Statistical report on fraudulent transactions involving credit transfers and direct debits conducted by the customers of the statistical unit' (Form PS-F-1 – Annex №37) specifies fraudulent transactions involving credit transfers and direct debits by the customers of the statistical unit.

7.1.1.1. the number of payment accounts, the number and value of operations by fraudulent operations involving credit transfers and direct debits conducted by customers of the statistical unit are specified.

7.1.1.2. Fraudulent operations involving credit transfers and direct debits are classified based on operations conducted via paper-based carriers and those carried out through electronic networks or devices.

7.1.1.3. Fraudulent operations involving credit transfers through e-networks or devices are classified based on whether strong customer authentication (SCA) was applied.

7.1.2. 'Statistical report on fraudulent operations involving payment cards issued by the statistical unit and within its PSN' (Form PS-F-2 – Annex №38) reflects domestic and cross-border fraudulent operations involving payment cards issued by the statistic unit, as well as those involving payment cards issued by other PSPs within the PSN belonging to the statistic unit:

7.1.2.1. The number of payment cards, the total number and value of operations involving fraudulent activities with payment cards issued by the statistical unit, as well as the number and value of fraudulent operations occurring within its own PSN are reflected

7.1.2.2. The number and volume of fraudulent operations involving payment cards issued by other PSPs (both resident and non-resident) within the PSN belonging to the statistical unit are reflected.

7.1.2.3. domestic and cross-border frauds consist of the following categories:

7.1.2.3.1. operations with lost or stolen cards.

7.1.2.3.2. operations on account takeover, fraudulent application.

7.1.2.3.3. operations with counterfeit cards.

7.1.2.3.4. card not present operations.

7.1.2.3.5. Collusive Merchant & Multiple Imprint operations.

7.1.2.3.6. other fraudulent operations.

7.1.2.4. Domestic and cross-border fraudulent operations are classified by the platform where the fraud occurred, including websites, mobile applications, other electronic networks, and payment devices.

7.1.2.5. Domestic and cross-border fraudulent operations are classified based on payment systems (Visa, Mastercard, local, and others).

7.1.2.6. Domestic and cross-border fraudulent operations are classified based on whether SCA was applied.

7.1.2.7. In the report, the registration of fraudulent operations should be based on the date when the fraud was confirmed, not the date when the transaction occurred. For example, if the transaction that took place on January 5 is confirmed as a fraudulent transaction by the end of January, it should be recorded for the month of January. If the confirmation occurs after January, it should be recorded for the month in which the fraud was confirmed.

7.1.3. 'Statistic report on fraudulent transactions involving e-money issued by the statistical unit and within its PSN' (Form PS-F-3 – Annex №39) reflects domestic and cross-border fraudulent transactions involving card-based and non-card-based (network-based) e-money issued by the statistical unit, as well as e-money issued by other payment service providers (resident and non-resident) within the PSN belonging to the statistical unit:

7.1.3.1. The statistics reflects the number of payment accounts, total number and value of transactions involving e-money issued by the statistic unit, as well as the number and value of fraudulent operations that occurred within its own PSN.

7.1.3.2. The statistics reflect the number and value of fraudulent operations involving e-money issued by other PSPs within the PSN owned by the statistic unit.

7.1.3.3. domestic and cross-border frauds consist of the following categories:

7.1.3.3.1. Transactions involving account takeover, fraudulent application.

7.1.3.3.2. Other fraudulent transactions.

7.1.3.4. Domestic and cross-border fraudulent transactions are classified based on the platform where the fraud occurred, such as websites, mobile applications, other electronic networks, and payment equipment

7.1.3.5. Domestic and cross-border fraudulent transactions are classified based on whether SCA was applied.

7.1.3.6. In the report, fraudulent transactions should be recorded based on the date they were confirmed as fraudulent, not the date they occurred. For example, if a transaction occurred on January 5 and was confirmed as fraudulent by the end of January, it should be recorded for January. However, if the confirmation occurs after January, the transaction should be recorded for the month in which it was confirmed.

7.1.4. 'Statistic report on fraudulent transactions via money transfer systems used by the statistic unit' (Form PS-F-4 – Annex №40) reflects the number and value of domestic and cross-border fraudulent transactions conducted via money transfer systems utilized by the statistic unit.

## **8. Submission of reports**

8.1. Banks are required to submit PS-Bank-1; PS-Bank-2; PS-Bank-3; PS-Bank-4; PS-Bank-5; PS-Bank-6; PS-Bank-7; PS-Bank-8; PS-Bank-9; PS-Bank-10; PS-Bank-11; PS-Bank-12; PS-F-1; PS-F-2; PS-F-3; PS-F-4 reports monthly electronically within 7 (seven) business days of the month following the reporting period, while PS-Bank-13; PS-Bank-14; PS-Bank-15; PS-Bank-16; PS-Bank-17 reports should be submitted quarterly electronically within 10 (ten) business days of the month following the reporting period.

8.2. Payment institutions should submit to the Central Bank all other reports specified in Section 4 herein except for PS-PSP-1 və PS-PSP-4 reports. PS-PSP-2; PS-PSP-3; PS-PSP-5; PS-PSP-6; PS-PSP-7; PS-PSP-8; PS-F-1; PS-F-4 reports should be submitted monthly electronically within 7 (seven) business days of the month following the reporting period, while PS-PSP-9; PS-PSP-10 reports should be submitted quarterly electronically within 10 (ten) business days of the month following the reporting period.

8.3. E-money institutions engaged in only the issuance of e-money and providing the services of execution of payment operations with e-money should submit to the Central Bank all other reports specified in Section 4 herein except for the PS-PSP-5 report. PS-PSP-1; PS-PSP-2; PS-PSP-3; PS-PSP-4; PS-PSP-6; PS-PSP-7; PS-PSP-8; PS-F-1; PS-F-2; PS-F-3; PS-F-4 reports should be submitted monthly electronically within 7 (seven) business days of the month following the reporting period, while PS-PSP-9; PS-PSP-10 reports should be submitted quarterly electronically within 10 (ten) business days of the month following the reporting period.

8.4. Where the e-money institution provides the issuance of electronic money and other payment services along with the execution of payment transactions with electronic money, all reports specified in Section 4 herein should be submitted electronically. PS-PSP-1; PS-PSP-2; PS-PSP-3; PS-PSP-4; PS-PSP-5; PS-PSP-6; PS-PSP-7; PS-PSP-8; PS-F-1; PS-F-2; PS-F-3; PS-F-4 reports should be submitted monthly, within 7 (seven) business days of the month following the reporting period, while PS-PSP-9; PS-PSP-10 reports should be submitted quarterly within 10 (ten) business days of the month following the reporting period.

8.5. Operators should submit the reports specified in Section 5 herein should be submitted to the Central Bank electronically monthly by the 7th business day of the month following the reporting period.

8.6. NBCIs should submit the reports specified in Section 7 herein, PS-F-1 və PS-F-2 reports monthly electronically within 7 (seven) business days of the month following the reporting period.

8.7. In all report forms, transactions conducted in foreign currencies are reflected in Azerbaijani manat equivalent based on the official exchange rate of the Central Bank as of the transaction date. If the transaction is conducted in a foreign currency for which the Central Bank has not announced an official exchange rate, the foreign currency should be reflected in manat equivalent based on the cross-exchange rate calculated using the official exchange rate of that currency against the US dollar.

8.8. In all report forms, if the funds on the payment card are in manat, cash withdrawals or payment transactions in foreign currency should not be reflected in the 'foreign currency' indicators, considering total operations, and should not be included under the 'out of which in foreign currency' category.

8.9. In all report forms, if the funds on the payment card are in foreign currency, cash withdrawals or payment transactions in manat should be reflected in the total operations, and additionally, they should be shown in the 'out of which in foreign currency' indicators in manat equivalent.

8.10. In all report forms, 'Payment transactions conducted via website, mobile application, and other electronic networks' are classified as domestic if the country of registration of the merchant is the Republic of Azerbaijan, and as cross-border if the country is foreign. Transfers to payment cards issued by foreign PSPs are considered cross-border operations. The classification of these transactions as domestic or cross-border should not be based on the geographical location of the payment service user conducting the transaction.

8.11. In the report forms, the indicators for POS-terminals should also include mobile POS-terminals.

8.12. In reports, virtual cards should also be included under the indicators for payment cards as payment cards.

8.13. The number and value of the indicators in the report forms should be shown in nominal terms.

8.14. The report forms should be summarized across all sections of the statistic unit and submitted to the Central Bank.

8.15. In cases where no transaction has occurred, the corresponding cell in the report form should be left blank or marked with 0 (zero).

8.16. The report is validated with the electronic signature of the head of the executive body, a member, the chief accountant (or the acting person), or the head of the structural unit responsible for submitting the report.

## **9. Final provisions**

9.1. The PS-Bank-14 and PS-Bank-15 reports should be submitted by banks starting from the second quarter of 2025, the PS-Bank-16 and PS-Bank-17 reports from the third quarter of 2025, the PS-F-1 and PS-F-4 reports from March 2025, and the PS-F-3 report from the results of June 2025.

9.2. The payment institution should submit the PS-PSP-2 report form for March 2025, the PS-PSP-9 and PS-PSP-10 report forms for the third quarter of 2025, and the PS-F-1 and PS-F-4 report forms starting from the results of March 2025.

9.3. The PS-PSP-2 reporting form should be submitted by the payment institution providing only the issuance of e-money and the execution of payment operations with e-money starting from March 2025, the PS-PSP-9 and PS-PSP-10 reporting forms from the

third quarter of 2025, and the PS-F-1 and PS-F-4 reporting forms from the results of March 2025.

9.4. The PS-PSP-2 and PS-PSP-4 reporting forms should be submitted by the electronic money institutions that issue electronic money and performs payment transactions with electronic money, along with providing other payment services, starting from March 2025; the PS-PSP-9 and PS-PSP-10 reporting forms from the third quarter of 2025; the PS-F-1 and PS-F-4 reporting forms from the results of March 2025; and the PS-F-3 reporting form from the results of June 2025.

9.5. The reporting forms specified in Section 5 of this Guideline by the operators should be submitted starting from the results of March 2025.

9.6. The PS-NBCI-1 reporting form should be submitted by NBCIs starting from the results of March 2025, the PS-NBCI-3 and PS-NBCI-4 reporting forms from the third quarter of 2025, and the PS-F-1 reporting form from the results of March 2025.

9.7. Other reporting forms, apart from those specified in Sections 9.1-9.6 of these Guidelines, should be submitted in accordance with the relevant reporting periods starting from the date these Guidelines come into effect.