

13 March 2024

## **Regulation on maintaining payment operations and on payment instruments**

### **1. General provisions**

1.1. This Regulation has been developed in accordance with Article 47.2 of the Law of the Republic of Azerbaijan ‘on the Central Bank of the Republic of Azerbaijan’, Article 15.1 of the Law of the Republic of Azerbaijan ‘on Non-Bank Credit Institutions’, the Law of the Republic of Azerbaijan ‘on Payment Services and Payment Systems’, as well as the Civil Code of the Republic of Azerbaijan, the Tax Code, the Customs Code, the Laws ‘on Social Insurance’, ‘on Unemployment Insurance’, ‘on Medical Insurance’, ‘on Cashless Settlements’, the execution legislation and other normative acts of legal nature.

1.2. This Regulation establishes procedures for maintaining payment operations by payment service providers and settlements between payment service providers, the requirements for payment instruments, the currency and maximum amount of electronic money and the maximum value of obligations on electronic money issued by one issuer, criteria for small-value non-personalized payment instruments, requirements for the information confirming payment transactions conducted through payment terminals, and the procedure for data submitting.

1.3. Credit cards should be issued by non-bank credit institutions according to the requirements of this Regulation and payment accounts, the credit cards are linked to, should be opened in accordance with the ‘*Regulation on opening, maintaining, and closing bank accounts*’ approved by Decision No 04/2 of the Management Board of the Central Bank of the Republic of Azerbaijan (hereinafter – the Central Bank) dated 4 February 2022.

1.4. When a payment service provider (hereinafter – provider) conducts payment operations, customer due diligence of payers and payees, beneficiary owners and other related matters are conducted in compliance with the requirements of the Laws of the Republic of Azerbaijan ‘on Prevention of Legalization of Criminally Obtained Property and the Financing of Terrorism’ and ‘Targeted Financial Sanctions.’

1.5. When a provider maintains wire transfers, they should also adhere to the requirements of the ‘*Regulation on customer due diligence during wire transfers*’ approved by Decision No 09/1 of the Management Board of the Central Bank dated 22 February 2023.

1.6. When a payment operation is conducted remotely and electronically, the provider should adhere to strong customer authentication requirements established by the Central Bank.

1.7. According to the Laws of the Republic of Azerbaijan 'on Grants', 'on Political Parties' and 'on Non-Governmental Organizations (public unions and foundations)', payment transactions related to grant agreements on payment accounts, *the provision of services or performance of works by a non-governmental organization using funds from foreign financial sources*, donations received by political parties, non-governmental organizations and branches or representative offices of non-governmental organizations of foreign states are conducted upon submission of a document confirming the registration of the agreement (decision) on granting or receiving a grant, *of the agreement for the provision of services or performance of works financed from foreign financial sources* or on the donation. The requirements for payment operations related to grant agreements (decisions) also extend to sub-grants and additional agreements under the grant agreement (decision), as well as cases involving changes in the duration, purpose, and amount of agreements (decisions).

1.8. Foreign currency denominated payment operations are conducted in compliance with the currency legislation.

1.9. *The organization of settlements between payment service providers is carried out in accordance with the Central Bank's regulations governing the organization of settlements between payment service providers.*

1.10. Other matters related to conducting payment operations and payment instruments not regulated with this Regulation are regulated with the law and other normative acts of legal nature.

## 2. Definitions

2.1. The definitions used in this regulation bear the following meaning:

2.1.1. **payment card (hereinafter – card)** – a physical or virtual payment instrument used to make cashless payments and withdraw cash.

2.1.2. **card-based payment instrument** – a payment instrument enabling the payer to conduct a payment transaction via a card, including a physical card, or a payment instrument integrated with a payment application (such as a mobile device, including a phone or other equipment).

2.1.3. **payment application** – software installed on technological equipment enabling the payer to issue a payment order and conduct payment transactions.

2.1.4. **issuer** – *the provider that issues a payment instrument enabling the payer to carry out a payment transaction, based on an agreement concluded with the payer.*

2.1.5. **acquirer** – the provider who performs the acquiring service.

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

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

2.1.8. **card user** – a payment account holder or a person entitled to use a card-based payment instrument specified in Item 10.1 of this Regulation.

2.1.9. **merchant** – a person who accepts a payment instrument for settling transactions with customers during the provision of trade, public catering, household, and other types of services based on the agreement concluded with the acquirer.

2.1.10. **authorization** – consent of the payment service user to the provider to conduct a payment transaction.

2.1.11. **corporate card** – a payment instrument facilitating payment transactions from the funds held in the payment account opened in connection with entrepreneurial activities of a legal entity and an unincorporated individual (hereinafter – individual entrepreneur).

2.1.12. **pre-paid payment instrument** – a card- or network-based electronic money that *enables cashless payments and the withdrawal of cash* within the amount of funds prepaid in advance.

2.1.13. **personalization** – uploading card user information onto the electronic carrier (chip) and/or magnetic tape during the preparation of the card and printing identification information on cards.

2.1.14. **personal identification number** (hereinafter – PIN-code) – a secret password, known only to the payment service user as an authentication element, used to identify the cardholder.

~~2.1.15. **contactless payment transaction** – a payment transaction conducted by transmitting card data via radio frequencies through contactless technologies.~~

2.1.16. **budget classification code** – the numerical expression of the grouping of revenues, expenses, and funding sources within the state budget of the Republic of Azerbaijan, the budget of the Autonomous Republic of Nakhchivan, local budgets and off-budget state funds based on functional, economic, administrative, and other principles.

2.1.17. **budget level code** – the numerical expression of the state budget of the Republic of Azerbaijan, the budget of the Autonomous Republic of Nakhchivan, local budgets and off-budget state funds specified by the Ministry of Finance.

2.1.18. **merchant category code (MCC code)** – the code assigned to the merchant by the acquirer for the classification of the economic entity's field of activity.

2.1.19. **AZQR code** – a QR code generated for the purpose of paying for goods, works, and services in the Republic of Azerbaijan.

2.1.20. **static AZQR code** – an AZQR code consisting of fixed data corresponding to the content of payment transactions to be executed.

2.1.21. *dynamic AZQR code* – a dynamic AZQR code consisting of variable data corresponding to the content of each payment transaction to be carried out.

2.1.22. *AZQR code provider* – a provider operating in the Republic of Azerbaijan that generates the AZQR code for executing payment transactions via the AZQR code and/or enables the payment service user to access the AZQR code reading functionality.

2.2. Other definitions used in this Regulation bear the meanings specified in the Law.

### **3. General requirements for conduction of payment operations**

3.1. Except for the cases specified in Item 3.2 of this Regulation, a payment transaction is conducted based on the payment service provider's payment order. Before executing the payment transaction and after executing the payment order the provider delivers necessary data to the payment service user in accordance with Articles 16 and 17 of the Law.

3.2. Funds may be debited from the payment account without the order of the payment service user by court decision, as well as in the cases defined by law or stipulated in the agreement between the provider and the payment service user. Issuance of binding orders by executive bodies, tax, and customs authorities to providers regarding the debiting of funds from the payment account and conducting payment operations related to the debiting of funds based on relevant orders is conducted in accordance with the requirements of Parts 6 and 7 of this Regulation.

3.3. Payment operations are conducted through the following:

3.3.1. credit transfer (payment instruction) (~~Annex 1~~).

3.3.2. direct debiting (~~Annex 2~~).

3.3.3. encashment/collection orders (Annex 3).

3.3.4. orders of tax and customs authorities.

3.3.5. electronic money.

3.3.6. card-based payment instruments.

3.3.7. other payment instruments outlined in the legislation and providers' business practices.

3.4. Payment orders can be issued in hard and soft copy upon consent of the parties.

3.5. In accordance with legislative requirements, the provider and the payer can mutually determine the maximum amount of payment transactions conducted with payment instruments.

3.6. The revocation of payment orders is regulated by Article 28 of the Law and the agreement concluded between the provider and the payment service user.

3.7. Unless the provider specifies a longer period, payment orders issued in hard copy are submitted to the provider within 3 (three) working days from the date of writing (excluding the day of writing). Payment orders submitted after this period expires are not accepted for execution. When the payment order is sent to the provider by

mail, the term is determined based on the postmark indicating the date the payment order was posted.

3.8. When the payer issues a payment order, the payment transaction is considered authorized. The provider accepts the authorized payment order for execution if the payment order is not defective, as well as if all the conditions determined by the agreement with the payer are met.

3.9. Payment orders are considered defective when:

3.9.1. the deadline specified in Item 3.7 of this Regulation expires.

3.9.2. there are inconsistencies in the requisites of the payment order.

3.9.3. the payment order is incomplete, and purpose of the payment is not specified.

3.9.4. the amounts indicated in numbers and in writing vary.

3.9.5. there are corrections or erasures on the payment order.

3.9.6. copies are inconsistent.

3.9.7. signatures in the payment order and the sample signature sheet vary.

3.9.8. there is no stamp, or it is inconsistent (if specified in signature and stamp sample sheets). This requirement does not apply to cases where payment orders are temporarily issued without a stamp.

3.10. The provider may refuse to execute the payment order in accordance with Article 27 of the Law. In this case, the payment service user is informed about the reasons for refusal and existing deficiencies no later than the next working day, provided that the provision of such information is not prohibited by law.

3.11. The name of the provider (branch or division) and the date of stamping are reflected on the stamp placed on payment orders in the paper carrier.

3.12. Payment orders submitted for execution by one payment service user on the same transaction day should have a unique number.

3.13. Deadlines for execution of payment orders are regulated by Article 959 of the Civil Code of the Republic of Azerbaijan and Article 29 of the Law.

3.14. Payment orders accepted for execution are executed according to the order of priority outlined in Article 965 of the Civil Code of the Republic of Azerbaijan.

3.15. The payment account statement drawn up on a paper carrier is confirmed by the signature of the provider's responsible person and a stamp reflecting the information provided for in Item 3.11 of this Regulation. At the request of the payment service user, the documents accompanying the payment transaction are attached with the payment account statement with the signature and stamp of the provider's responsible person.

3.16. E-payment orders are accepted and executed in accordance with provider's internal rules, considering relevant requirements of the Law and this Regulation.

3.17. Data transmission, collection, processing and clearing of domestic payment transactions, as well as technical service for the issuance and acquisition of payment instruments are conducted domestically.

*3.17-1. The transmission, processing, and clearing of data on domestic card transactions between payment system operators and banks, as well as the provision of technical services for*

*card issuance and acquiring, is carried out by the Central Bank. The collection, processing, and transmission of information on transactions conducted via cards is performed by operators of payment systems and banks.*

3.18. Providers and payment system operators and payment system operators operating outside the country may directly share data about transactions conducted within the country (except for domestic transactions in which the value of goods, works, or services is paid through electronic commerce), provided that such transactions cannot be conducted without such an exchange.

3.19. *The transfer of funds in national currency between domestic payment service providers by individuals is carried out through the Instant Payment System (hereinafter – IPS), operated by the Central Bank.\**

3.20. *The transfer of funds in national currency between domestic payment service providers by individuals may also be carried out through a payment system other than the IPS operated by the Central Bank, provided that such transactions cannot be executed via the IPS.\**

3.21. *The AZQR code provider enables the payer to access the AZQR code reading functionality and allows the merchant it serves to accept payments via QR codes in accordance with the requirements of Item 15 of this Regulation.\**

3.22. *Based on the written consent of the payment service user in accordance with Article 41.2 of the Law of the Republic of Azerbaijan ‘on Banks’, and taking into account Article 39.1.5 of the Law of the Republic of Azerbaijan ‘on Payment Services and Payment Systems,’ the provider may use the services of third parties when physically delivering a payment instrument to the payment service user*

#### **4. Conduction of payment transactions based on credit transfers**

4.1. During credit transfers, the provider servicing the payer transfers the funds in the amount specified in the payer's credit transfer to the payment account of the payer-specified recipient of funds.

4.1-1. *A payment order for a credit transfer should include at least the following:*

4.1-1.1. *name of the payer (for an individual: first, last and middle names (if specified in ID card), and TIN (if the transfer is related to entrepreneurial activity); for a legal entity: name, organizational-legal form, and TIN (if any)).*

4.1-1.2. *name of the payee (for an individual: first, last and middle names (if specified in ID card), and TIN (if known); for a legal entity: name, organizational-legal form (if known), and TIN (if registered as a taxpayer in the Republic of Azerbaijan)).*

4.1-1.3. *account numbers of the payer and the payee.*

4.1-1.4. *names, codes, TINs, account numbers, and SWIFT codes of the payer’s and payee’s providers, as well as any intermediary provider (if any).*

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\* (Item 3.19 takes effect on 01.02.2025)

\* (Item 3.20 takes effect on 01.02.2025)

\* (Item 3.21 takes effect on 01.02.2025)

4.1-1.5. *payment amount (in figures and words) and currency.*

4.1-1.6. *date of issuance of the payment order.*

4.1-1.7. *purpose of the payment.*

4.1-1.8. *additional information related to the payment (if any).*

4.1-1.9. *codes of budget classification and budget level (for budget payments).*

4.1-1.10. *signature(s) of the payer and seal (if any).*

4.2. A credit transfer is executed if the credit transfer is not defective and the payer's payment account has sufficient funds or the payer's payment account is credited according to the agreement concluded with the provider.

4.3. If not provided electronically or unless otherwise stipulated in the agreement concluded between the provider and the payment service user, the credit transfer is submitted in no less than 2 (two) copies.

4.4. When credit transfer is accepted for execution, the provider's responsible person confirms the credit transfer on the paper carrier with the stamp 'accepted for execution' and his/her signature ~~in the 'Provider's Execution Note' section~~ and returns a copy to the payer. If the credit transfer is defective, reasons are specified in the *credit transfer* and the credit transfer is returned to the payer.

4.5. If there is no discrepancy in the details of the credit transfer received from the provider of the payer, funds are credited to the payment account of the payee by the payee's provider. If there is a discrepancy in the details of the credit transfer, the payee's provider sends a request to the payer's provider no later than the next business day. If this request is not answered by the payer's provider within 2 (two) working days, payment transaction funds are returned by the payee's provider indicating the reason no later than the next working day. Refunds for credit transfers are credited to the payer's payment account by the payer's provider.

4.6. If another period is agreed between the provider and the payment service user for the execution of the payment order in accordance with Article 29.2 of the Law, the payment transaction is conducted on the date specified in the 'Additional payment information' part of the credit transfer.

4.7. If outlined in the payment account agreement, the payer's provider periodically makes credit transfer-based payments in favor of the payee. In this case, the following information is recorded in the 'Additional payment information' part of the credit transfer:

4.7.1. the date of payment.

4.7.2. due date of periodic payments.

4.8. Unless otherwise specified in the payment account agreement, the period for periodic payments may not exceed one year. After this period expires, the payer may submit a new credit transfer, which provides for periodic payments.

4.9. Procedures related to refusal to execute periodic payment operations are regulated by Article 22.2 of the Law. The payer may issue an order to the payer's provider on termination of periodic payments in hard or soft copy. In this case, the

responsible person of the payer's provider confirms the relevant order in hard copy with the stamp 'accepted for execution' and his/her signature.

## **5. Conduction of payment transactions based on direct debiting**

5.1. During a direct debit payment transaction, the payer's provider makes the payment in favor of the payee on the payment order submitted by the payer based on the prior consent of the payer. To conduct a direct debit, the payer should give prior consent to the payee, the payee's, or the payer's provider. The payer should notify his/her provider about the consent he/she gave to the payee and the payee's provider within the period stipulated in the agreement concluded between the payer and his/her provider.

*5.1-1. A payment order for a direct debit should include at least the following:*

*5.1-1.1. name of the payee (for an individual: first, last and middle names (if specified in the ID card), and TIN; if the transfer is related to entrepreneurial activity); for a legal entity: name, organizational-legal form, and TIN, if registered as a taxpayer in the Republic of Azerbaijan).*

*5.1-1.2. name of the payer (for an individual: first, last and middle names (if specified in the ID card), and TIN (if known); for a legal entity: name, organizational-legal form, and TIN (if any)).*

*5.1-1.3. account numbers of the payee and the payer.*

*5.1-1.4. names, codes, TINs, account numbers, and SWIFT codes of the payer's and payee's providers, as well as any intermediary provider (if any).*

*5.1-1.5. payment amount (in figures and words) and currency.*

*5.1-1.6. date of issuance of the payment order.*

*5.1-1.7. purpose of the payment.*

*5.1-1.8. additional information related to the payment (if any).*

*5.1-1.9. codes of budget classification and budget level (for budget payments).*

*5.1-1.10. signature(s) and seal of the payee (if any).*

5.2. The payee submits the payment order to the payer's provider via the payee's provider or directly for a direct debit payment transaction.

5.3. The payer's consent provided for in Item 5.1 of this Regulation should be signed and stamped by the person(s) entitled to dispose of the payment account (if specified in sample signature and stamp sheets).

5.4. The consent outlined in Item 5.1 of this Regulation, the information of payee entitled to direct debit on the payment account of the payer (individual's first, last, middle names *(if specified in the ID card)*, PIN, if PIN is not available, the identification document number, the date of birth, name and TIN of the legal entity), as well as one-time or periodic payments and the limit of the amount to be paid according to Article 33.1 of the Law should be determined.

5.5. The payer submits the consent given to the provider for the execution of direct debit to the payer provider at least 2 (two) working days before the payment date stipulated in the agreement concluded with the payee.

5.6. The payee's provider should ensure that the payment order issued by the payee is sent to the payer's provider on the date agreed with the payee.

5.7. When the direct debit payment tool is used, the payer can withdraw his/her consent to make the payment no later than the end of the business day before the day he/she specified for debiting of funds from the payment account.

5.8. When direct debit is provided to the payer's provider through the payee's provider, settlements are made in the following manner:

5.8.1. direct debit is submitted by the payee to the payee's provider in not less than 3 (three) copies (if in hard copy).

5.8.2. if the direct debit is not defective, the responsible person of the payee's provider confirms the acceptance of the *direct debit* for execution ~~in the 'Provider's execution note'~~ with the 'accepted for execution' stamp and his/her signature and returns a copy to the payee. One copy of the direct debit is sent to the payer's provider and one copy remains with the payee's provider. If the direct debit is defective, funds are returned to the payee, stating the reason.

5.8.3. if the payer's provider finds out that the direct debit received from the payee's provider lacks the payer's consent, is revoked, or the direct debit is defective, it returns the direct debit to the payee's provider, indicating the reason, within the next transaction day and informs the payer accordingly.

5.8.4. the payer's provider executes the payment, in the absence of the cases specified in sub-item 5.8.3 of this Regulation and if there are funds in the payer's payment account or if the payer's payment account is credited according to the agreement concluded with the provider.

5.8.5. the payer's provider informs the payer no later than the next business day of the day on which the direct debit is accepted if there are insufficient funds in the payer's payment account to execute the payment transaction. If required funds are credited to the payment account by the day of the transaction provided for in the direct debit, the payer's provider returns the direct debit no later than the next day, specifying the reasons.

5.8.6. The payee's provider informs the payee about the direct debit returned in accordance with sub-item 5.8.5 of this Regulation no later than the next business day and makes a corresponding *note* ~~in the 'Provider's Execution Note' section~~ of the copy of the direct debit he/she holds.

5.9. When direct debit is delivered directly to the payer's provider, the payment transaction is conducted in the following manner:

5.9.1. direct debit is delivered by the payee to the payer's provider in not less than 2 (two) copies (if in a hard copy). In this case, the signature and stamp field of the responsible person of payee's provider is not filled in the direct debit.

5.9.2. if the direct debit is not defective, the responsible person of the payer's provider confirms the acceptance for execution ~~in the 'Provider's Execution Note' section~~ of the *direct debit* with the 'accepted for execution' stamp and his/her signature and

returns a copy to the payee. Another copy of the direct debit remains with the payer's provider for processing.

5.9.3. the payer's provider returns the direct debit to the payee within the next transaction day, indicating the reason, due to the lack of the payer's consent, revocation, or defective direct debit, and informs the payer accordingly.

5.9.4. sub-item 5.8.4-5.8.6 of this Regulation apply accordingly.

5.10. At the payer's request, the responsible person of the payer's provider gives the payer a copy of the direct debit payment order certified by his/her signature and stamp.

## **6. Conduction of payment operations based on encashment orders**

6.1. During payment transactions with encashment orders, the provider (executing provider) providing services to the debtor's (payer's) payment account makes the payment from the payer's payment account in an undisputed manner (without the order of the payer) based on execution documents annexed with encashment orders by bailiffs.

6.2. Encashment orders related to the enforcement of decisions of courts and other bodies are submitted to the provider by bailiffs.

6.3. Execution documents, which are the basis for undisputed debiting of funds from the payer's payment account at the request of bailiffs, are determined by execution legislation.

6.4. The encashment order is drawn up in 3 (three) copies (if in a hard copy), each copy is confirmed with a signature and a stamp. The name, date and number of the attached enforcement document are indicated in the 'Purpose of the Payment' section of the encashment order.

6.5. The bailiff attaches a copy of the execution document with the encashment order, approved as per the execution legislation.

6.6. If the encashment order is not defective, the responsible person of the executing provider accepts it for execution immediately. If the order is defective and/or the copy of the enforcement document is not attached, he/she returns the order to the bailiff, indicating the reason in the 'Note of the executing provider' section. One copy serves as the basis for debiting funds from the payer's payment account and remains with the executor provider. The second copy, confirmed with the signature and stamp of the responsible person of the executor provider as an obligation to accept the encashment order for execution, is returned to the bailiff. The third copy is provided to the payer after the order's execution.

6.7. The enforcement document submitted by the bailiff together with encashment order, as well as the claim for enforcement documents directed to the payment account of the payer in foreign currency, are executed within the period and in the manner determined by the execution legislation.

6.8. If there are no or is shortfall of funds in the payer's payment account, the encashment order is kept by the executing provider for 2 (two) months from the date of acceptance by the provider. The executing provider notifies the bailiff in writing no later

than the next 2 (two) working days. If the encashment order is not fully or partially executed during this period, the responsible person of the executing provider writes a note about it in the enforcement document and submits it to the bailiff no later than 2 (two) working days after the period expires, confirming it with his/her signature and stamp.

6.9. In case of partial payment of the encashment order, the responsible person of the executing provider records the date and amount of the partial payment, as well as the remaining amount of the payment, in relevant parts of the copy held by the providers and confirms them with his/her signature and stamp.

6.10. When the encashment order is paid in full, the responsible person of the executing provider writes a note in the enforcement document, confirms it with his/her signature and stamp and returns the document to the mandatory enforcement body, keeping a copy with the provider.

6.11. When encashment orders are issued through the 'Electronic execution' information system, encashment orders are received and executed electronically, considering the requirements of this Regulation.

## **7. Conduction of payment operations based on orders of tax and customs authorities**

7.1. In the course of payment transactions with the orders of tax authorities, the provider (executing provider) servicing the payment account of the debtor (payer), according to the order of the tax authority which is an execution (payment) document, freezes the payer's funds in the payment account in national or foreign currency for debiting transactions on taxes, compulsory state social insurance, unemployment insurance, compulsory medical insurance fees, interest or imposed financial sanctions, or transfers those funds from the payer's payment account to the state budget or the State Social Protection Fund, Unemployment Insurance Fund and the Compulsory Medical Insurance Fund under the Ministry of Labor and Social Protection of the Republic of Azerbaijan respectively as per Article 65 of the Tax Code of the Republic of Azerbaijan.

7.2. The order is submitted to the executing provider as per the form approved by the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan.

7.3. The order is drawn up in 4 (four) copies (if in a hard copy) and each copy is certified by the signature and stamp of an authorized official of the tax authority. If the order is not defective, the provider's responsible person accepts it for execution immediately, if it is defective, he returns the order to the tax authority, indicating the reason in the relevant part of the order.

7.4. One copy remains with the executing provider as a basis for debiting the funds from the payer's payment account. The second copy is confirmed with the signature and stamp of the responsible person of the executing provider as an obligation to accept the order for execution and is returned to the tax authority. After the order is fully executed, the provider's responsible person makes relevant notes on the third copy, confirms with

his signature and stamp, and submits to the tax authority. The fourth copy is given to the payer.

7.5. When the order is withdrawn by the tax authority or the payer's payment account is closed, any documents that have not been fully executed or have been executed partially by that time are submitted to the tax authority as per Item 7.4 of this Regulation.

7.6. In accordance with Article 249.3 of the Customs Code of the Republic of Azerbaijan, unpaid customs debts are deducted from the payer's payment accounts based on the execution (payment) document of customs authorities, in line with procedures of receiving tax debts to the state budget.

7.7. Other matters related to electronic submission, acceptance, and implementation of orders of tax and customs authorities are determined based on mutual agreement between relevant public authorities and providers.

## **8. Money transfers**

8.1. Money transfers are made in national and foreign currencies.

8.2. Except for Item 9.1 of this Regulation, after a money transfer executed without a payer's payment account, the provider presents the payer with a document confirming the transfer, *either on paper (certified with the provider's signature and seal) or in electronic form*. A copy of the *paper document* signed by the payer remains with the provider. In addition to the information required under Article 17 of the Law, the relevant document should contain the following information:

8.2.1. the name of the money transfer system (if any).

8.2.2. *If the payer is an individual, the payer's first, last, and middle names (if specified in the ID card), and TIN (if the transfer is related to entrepreneurial activity); if the payer is a legal entity, name and TIN.*

8.2.3. the payer's address and contact number.

8.2.4. the name and number of the payer's identification document.

8.2.5. the payee's name.

8.2.6. the payee's payment account number, if any.

8.2.7. purpose of the money transfer.

8.2.8. the country/city or other administrative territorial unit to which the money transfer is made.

8.3. When money transfers are paid to budget and off-budget state funds, the document drawn up on money transfer should include the codes of the budget classification, budget level and budget organization in addition to the information specified in sub-items 17 of the Law and 8.2.1-8.2.5 of this Regulation.

8.4. Money transfer is considered completed when cash is presented to the payee, or funds are credited to the payee's payment account.

8.5. Cash for money transfer is given to the payee without a payment account based on an ID card. The responsible person of the payee's provider issues a document confirming the completion of the money transfer (if in a hard copy) with his signature and stamp and presents it to the payee. One copy of the document signed by the payee is held by the provider. The same document submitted in hard or soft copy should include the name and number of the payee's identification document along with the information specified in sub-items 17 of the Law and 8.2.1-8.2.2, 8.2.5, 8.2.7-8.2.8 of this Regulation.

8.6. In accordance with the requirements of the money transfer system, the provider can also specify additional information identifying the payer, the payee, and the money transfer, in addition to the information provided for in this Regulation in the documents drawn up for money transfers.

8.7. The payer can change or withdraw the requisites allowed to be changed by the rules of the money transfer system until the funds are received by the payee.

## **9. Payment terminal operations**

9.1. Except for payment terminals installed by the provider for the acceptance of fares in public transport, the document confirming the operations conducted through other payment terminals should contain the information outlined in Article 17 of the Law. The relevant document may be submitted on paper or another durable medium.

9.2. The document confirming money transfers made by the provider through the payment terminal should include the following information along with the information specified in Article 17 of the Law:

9.2.1. the money transfer system name (if any).

9.2.2. information allowing to personalize the payer (payer's subscriber code or ID card number, last, first and middle names (*if specified in the ID card*), or the number of the payment account where the money transfer was made, or the requisites used within the security requirements of the payment card).

9.2.3. the purpose of the money transfer.

9.2.4. *the address* of the terminal.

9.2.5. information about the payee, when funds are paid to budget and off-budget state funds, also the codes of budget classification, budget level and budget organization.

9.3. Providers of money transfers through payment terminals may set additional requirements for identification of the payer.

9.4. The requirement of Item 1.5 of this Regulation should be adhered during money transfers through payment terminals.

## **10. Issuance of cards**

10.1. In accordance with Item 10.2 of this Regulation, issuers issue cards for payment service users by opening payment (current) accounts based on the '*Regulation on*

*opening, maintaining, and closing bank accounts'* approved by Decision 04/2 of the Management Board of the Central Bank dated 4 February 2022. Corporate cards can be issued on a payment account based on an agreement concluded between the issuer and a legal entity and an individual entrepreneur. A payment service user may be issued one or more cards for one payment account.

10.2. Except for transactions on prepaid payment instruments issued to legal entities and individual entrepreneurs, in other cases, cash accounting for payment transactions with prepaid payment instruments can be conducted by the provider on a consolidated account.

10.3. Non-bank credit institutions may issue only credit cards.

10.4. Except for small-size payment instruments, issuers should provide payment service users with means of communication (at least telephone) 24 (twenty-four) hours a day for notifications and card unblocking, as well as availability of notifications within 18 (eighteen) months in accordance with Article 38.1.3 of the Law. The issuer should identify the payment service user upon receipt of the notification and record the date, time (hours and minutes), the necessary card details and details of the event.

10.5. At least the following card details should be available to the card user:

10.5.1. the issuer's name.

10.5.2. the card number.

10.5.3. card validity period.

10.5.4. contact facilities of the issuer, or the payment system operator serving the issuer which receives appeals 24 (twenty-four) hours a day, (including at least telephone).

10.6. The issuer should have at least the following internal rules for organizing activities related to card-based payment instruments:

10.6.1. card issuance procedure.

10.6.2. risk management procedure, including the procedure for blocking, for operations with card-based payment instruments.

10.6.3. a procedure for processing accounting data on transactions with card-based payment instruments.

10.6.4. card storage and accounting before and after personalization, as well as the procedure for secure submission of cards and PIN-codes.

10.6.5. A procedure for ensuring information security of card-based payment instruments and data on transactions with their use, as well as procedures for maintaining control over their safe storage.

## **11. Acquiring of a *payment card***

11.1. At least the following is defined in the agreement concluded between the acquirer and the payee merchant:

11.1.1. the merchant's name and activity area.

11.1.2. a procedure for supply of services, acquiring payments and making settlements.

11.1.3. limits imposed on operations, if any.

11.1.4. obligations of parties on conducting operations securely.

11.1.5. the service fee and a procedure for its calculation, if any.

11.1.6. the procedure for notifying the merchant about the payments received in favor of the merchant and the service fees charged for those payments.

11.1.7. procedure for incorrect execution of a *payment transaction*, transaction reversal, and dispute resolution.

11.2. When implementing the acquiring service through the installation of POS terminals at merchants, adherence to the requirements outlined in the '*Regulation on the installation, use, and application of POS terminals in the territory of the Republic of Azerbaijan*,' as approved by Resolution No. 219 of the Cabinet of Ministers of the Republic of Azerbaijan dated October 4, 2012, is necessary ~~when concluding an agreement between the acquirer and the merchant.~~

11.3. *The acquirer should conduct a comprehensive analysis of business activities of merchant it serves and perform a risk assessment.*

11.4. The acquirer should identify and timely prevent suspicious transactions ~~made from the payment account with card-based payment instruments or without presenting a card-based payment instrument~~ in its service network, as well as penetrations to the payment terminal (ATM, POS-terminal, etc.) *it serves* and have an effective risk management procedure for operations of the type.

11.5. ~~During card-based payment transactions,~~ the acquirer should set a trade code for the merchant in line with the field of activity of the merchant.

11.6. The acquirer should provide the merchant's trade code unchanged for the authorization and clearing of the same ~~card-based~~ payment transaction.

11.7. ~~Acquiring requirements for card-based payment instruments should also be complied with if several acquirers engage in execution of the payment transaction.~~

## **12. Small-value and non-personalized payment instruments**

12.1. The payment instruments that meet the following criteria are considered small value payment instruments:

12.1.1. the value of *crediting* transactions for a single instrument should not exceed 300 (three hundred) manat or its equivalent in foreign currency within one calendar month.

12.1.2. The amount of money stored in that instrument should not exceed 300 (three hundred) manats or equivalent in foreign currency.

12.2. Payment instruments that do not require payment service user identification should meet the following requirements in addition to those defined in Item 12.1 of this Regulation:

12.2.1. they can be used for domestic payment operations.

12.2.2. *The cashless return of the remaining balance is carried out in accordance with the requirements of the 'Regulation on customer due diligence during wire transfers,' approved by Decision No. 09/1 of the Management Board of the Central Bank on 22 February 2023.*

12.2.2-1. *The cash return of the remaining balance may be carried out in accordance with the 'Regulation on cash operations, storage and transportation of cash and other valuables in credit, payment, and electronic money institutions,' approved by Decision No. 24/1 of the Management Board of the Central Bank on 14 September 2021, provided that the total amount does not exceed 50 (fifty) manat or its equivalent in foreign currency within one calendar month.*

12.2.3. users may be only individuals.

### **13. Electronic money**

13.1. Electronic money can be issued both in national and foreign currencies.

13.2. The maximum amount and terms of use of non-personalized e-money should meet the requirements of Item 12.2 of this Regulation.

13.3. When the Central Bank establishes a requirement for the maximum amount of issuer's obligations for electronic money issued by the issuer, the latter may issue e-money within that limit.

13.4. According to Article 13.1.2 of the Law, when informing persons seeking to own e-money about the rules for issuing and using e-money prior to issuance, it should be clarified that the e-money is not considered a deposit nor is insured according to the Law of the Republic of Azerbaijan 'on Deposit Insurance' and no interest or other form of income is paid on those funds.

### **14. Operations with card-based payment instruments**

14.1. In addition to the information provided for in Article 17 of the Law, at least the following information should be provided to the payer for transactions with card-based payment instruments on paper or other durable media:

14.1.1. the payment system operator's name.

14.1.2. the payment terminal code (if an operation is conducted through a payment terminal).

14.1.3. requisites allowed within the security requirements of the payment system operator of the card-based payment instrument.

14.1.4. the authorization code.

14.1.5. requisites of the budget organization or the off-budget state fund, classification of budget revenues and budget level codes (when payments are made to the centralized (unified) treasury account for the state budget and off-budget funds).

## **15. Conduction of QR-based payment transaction \***

15.1. *In the Republic of Azerbaijan, dynamic and static AZQR codes prepared by payment service providers for carrying out payment transactions via QR code should comply with the requirements approved by the Management Board of the Central Bank. The relevant requirements are published on the official website of the Central Bank.*

15.2. *An AZQR code provider may outsource the creation of the AZQR code to a third party under an agreement, provided that the QR code is generated under Item 15.1 of this Regulation.*

15.3. *The AZQR code prepared by the AZQR code provider should be used for its intended purpose without modification.*

15.4. *The AZQR code provider should ensure functionality that allows full or partial reversal of funds for payment transactions executed via the AZQR code.*

15.5. *When accepting payment via AZQR code, the AZQR code provider should provide the payer with a receipt (or information) in electronic or paper form containing at least the following mandatory details, or ensure easy access to the receipt (information):*

15.5.1. *name of the acquirer and/or payment system operator.*

15.5.2. *name and TIN of the merchant.*

15.5.3. *receipt number.*

15.5.4. *date (day, month, year) and time (hour, minute) of the transaction.*

15.5.5. *payment terminal code (if the transaction was carried out at a payment terminal).*

15.5.6. *payment amount and currency.*

15.5.7. *authorization code.*

15.5.8. *reference number enabling transaction identification.*

15.6. *The AZQR code provider informs the merchant about the result of the payment transaction (successful or unsuccessful).*

15.7. *Settlements between payment service providers for domestic transactions carried out in the national currency via AZQR code are conducted through the IPS.*

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\* (Part 15 takes effect on 01.02.2025)

Annex 1  
to the 'Regulation on maintaining payment  
operations and on payment instruments'

**Credit transfer №** \_\_\_\_\_

\_\_\_\_\_  
**(date)**

<p style="text-align: center;"><b>A1. Payer's provider</b></p> <p>Name.....</p> <p>Code.....</p> <p>TIN.....</p> <p>A/n.....</p> <p>S.W.I.F.T Code.....</p>	<p style="text-align: center;"><b>B1. Payee's provider</b></p> <p>Name.....</p> <p>Code.....</p> <p>TIN.....</p> <p>A/n.....</p> <p>S.W.I.F.T Code.....</p> <p>Intermediary provider.....</p>
<p style="text-align: center;"><b>A2. Payer</b></p> <p>Name (if an individual, also last name) .....</p> <p>A/n.....</p> <p>TIN (if a taxpayer).....</p>	<p style="text-align: center;"><b>B2. Payee</b></p> <p>Name (if an individual, also last name) .....</p> <p>A/n.....</p> <p>TIN (if a taxpayer).....</p>
<b>C1. Type of currency</b>	
<b>C2. Transferred</b>	
Amount (in numbers) .....	
Amount (in letters).....	
<b>D1. Purpose of the payment</b> .....	
<b>D2. Additional payment-related information</b> .....	
<b>D3. Budget classification code:</b> .....	<b>D3. Budget classification code:</b> .....
<b>1. Payer's signature(s)</b> <b>2. M.Y.</b>	
<b>1. Signature of the responsible person of the payer's provider:</b> <b>2. Stamp</b> <b>Provider's execution note:</b>	

**Direct debiting №** \_\_\_\_\_

(date)

<b>Payee</b>	<b>Payer</b>
Name (if an individual, also last name) ..... A/n..... TIN (if a taxpayer).....	Name (if an individual, also last name) ..... A/n..... TIN (if a taxpayer).....
<b>Payee's provider</b>	<b>Payer's provider</b>
Name..... Code..... TIN..... A/n..... S.W.I.F.T Code.....	Name..... Code..... TIN..... A/n..... S.W.I.F.T Code..... Intermediary provider.....
<b>Type of currency</b>	
<b>Transferred</b>	
Amount (in numbers).....	
Amount (in letters).....	
<b>Purpose of the payment</b> .....	
<b>Additional payment-related information</b> .....	
<b>Budget classification code:</b> .....	<b>Budget classification code:</b> .....
<b>1. Payee's signature(s)</b> <b>2. M.Y.</b>	
<b>1. Signature of the responsible person of the payee's provider:</b> <b>2. Stamp</b> <b>Provider's execution note:</b>	

**Encashment order №\_**

\_\_\_\_\_ (date)

<b>Payee's provider</b>		<b>Executing provider</b>	
Name.....		Name.....	
Code.....		Code.....	
TIN.....		TIN.....	
A/n.....		A/n.....	
S.W.I.F.T. Code.....		S.W.I.F.T. Code.....	
<b>Payee</b>		<b>Payer</b>	
Name (if an individual, also last name) .....		Name (if an individual, also last name) .....	
A/n.....		A/n.....	
TIN (if a taxpayer) .....		TIN (if a taxpayer) .....	
<b>Type of currency</b>			
<b>Transferred</b>			
Amount (in numbers) .....			
Amount (in letters) .....			
<b>Purpose of the payment</b> .....			
<b>1. Bailiff's signature(s)</b> <b>2. M.Y.</b>			
<b>Executing provider's notes</b>			
Partial payment date	Partial payment amount	Balance of payment	Signature