

FREQUENTLY ASKED QUESTIONS (FAQs) ON THE NATIONAL PAYMENT SYSTEM (NPS) LICENSING PROCESS

Q1: Where does Bank of Uganda derive its mandate to supervise the Payment Systems?

The Bank's mandate is enshrined in the National Payment Systems Act, 2020. The Act came into force in September 2020 while the implementing Regulations (NPS General Regulations, NPS Sandbox Regulations and NPS Agents Regulations) were gazetted on March 5, 2021. This regulatory framework gives Bank of Uganda a clear mandate for the regulation, supervision and oversight of payment and settlement systems.

Q2: Who can apply for a Licence?

The NPS Act 2020 applies to institutions/duly registered companies in Uganda that intend to operate payment systems, offer payment services or issue payment instruments.

Q3: What is a Payment System?

A payment system is a system used to effect a transaction through the transfer of monetary value, including the institutions, payment instruments, persons, rules, procedures, standards and technologies that make such a transfer possible.

Q4: What is a Payment Service?

A payment service refers to a service that enables cash deposits or withdrawals, execution of payment transactions, issuance and acquisition of payment instruments or any other service incidental to the transfer of funds.

Q5: How does the NPS Act 2020 impact a Supervised Financial Institution?

A Supervised Financial institution that intends to offer payment services such as e-money shall seek Bank of Uganda's approval under the NPS Act 2020.

Q6: Can international companies registered in Uganda apply for licence directly or through local branches ?

Foreign companies that are only registered (not incorporated) in Uganda cannot apply for licence under the NPS Act, 2020. Instead, they must incorporate a local

subsidiary which can apply for the licence or partner with locally licensed companies.

Q8: Can the directors and management team of an existing company become part of the newly formed entity?

Existing shareholders/directors can become part of the new company but will be required to satisfy the Fit and Proper requirements as stipulated in Regulation 3 and Schedule 2 of the NPS Regulations 2021.

Q9: Who qualifies to be a member of the Board or Management team?

Any individual who has the necessary qualifications, experience and competence can be appointed as a Board Member or as part of senior management. However, such an individual must also be of good moral standing. Applicants are encouraged to ensure that the Board comprises of both executive and non-executive directors, with a reasonable number of independent directors.

Q10: Where can information about the application process and the licensing requirements be obtained?

Detailed licensing requirements can be found under Regulation 3 of the NPS Regulations 2021. The NPS Regulations 2021 and the NPS Act, 2020 can be downloaded from the Bank of Uganda website using the following link:

[Bank of Uganda | legal and Regulatory Framework \(bou.or.ug\)](http://bou.or.ug).

The application forms are appended to this guide as part of annex 1.

Q11: How long will it take to complete the evaluation of a licence application?

The central bank is obliged to make a decision on the application within sixty days after receipt of a **complete set of information/documentation** supporting the application. BOU will initially provide feedback to inform the applicants of any missing information.

Q12: Would the applicant incur any administrative charges for submitting a Licence application?

Applicants for a licence under the NPS Act 2020 are only required to pay a non-refundable fee of Uganda Shillings Three Million. The fees are payable to the following account details.

Account Tittle	Currency	Account No.
Licence Fees for Payment System Providers & Operators	UGX	099405054

Q13: Where should the License application be submitted?

All applications should be submitted to:

The office of the Director,
National Payment Systems Department
Plot 37-45 Kampala Road P.O. Box 7120 Kampala, Uganda.
Bank of Uganda

Annex 1: Guidance on the detailed licensing requirements

No.	Requirement	Remarks
1.	An application using Form A and or Form C.	The application form must indicate the class and category of licence being applied for and it must be witnessed by a Commissioner for Oaths. <i>The forms are herewith attached.</i>
2.	Proof that the objects of the applicant are in accordance with section 8 (1) of the NPS Act in case of a payment system.	Applicants must demonstrate that their business objects are in line with the eligibility criteria laid out in the NPS Act, 2020. At least one of the objects must be related to the delivery of payment services or offering of payment systems.
3.	Detailed description of the product or services and its operations.	The product description must provide the value proposition to customers, clearly indicating how this fits within payment systems. The description shall also indicate the technology specifications including software configuration and management, network capacity, system maintenance and source code management among others.
4.	List of the substantial shareholders including the beneficial owners.	<ul style="list-style-type: none"> • Beneficial owners are individuals who may indirectly own shares in the applicant entity. Applicants shall provide detailed shareholding structures clearly indicating the corporate and individual ownership. • The shareholders and beneficial owners shall be vetted by Bank of Uganda at the cost of the applicant, to assess their fitness and propriety. However, the applicant shall be advised on the cost of the due diligence prior to commencement of the exercise. The vetting shall involve assessment of the applicant's background, reputation, integrity, experience and capacity of the directors and managers. • The nominees must be of sound mind, must not be undischarged bankrupt persons and must not have been convicted of fraud or dishonesty or general financial malpractice. Applicants are advised to submit detailed resumes with contacts of the referees.
5.	Business plan with financial projections for the first three years which demonstrate that the applicant is able to	The business projections must clearly indicate the market analysis, underlying assumption and the initiatives that will be implemented to ensure that the targets are met. The projections must also show the

No.	Requirement	Remarks
	employ appropriate and proportionate systems, resources and procedures to operate soundly for a three-year period	projected impact on the regulatory minimum capital requirements and the general balance sheet composition.
6.	The applicant's organizational, governance and management structure.	Applicants are reminded to ensure that key assurance functions such as Internal Audit and Risk are provided for with sufficient independence and powers.
7.	Risk management framework with adequate disaster recovery plan, cyber security plan, data protection policy and business continuity arrangements.	<p>The policies should among others provide for the approach to risk governance, the risk management process, approach to cyber security and business continuity arrangements. The policies shall demonstrate the applicant's ability to protect customer data, prevent unauthorized access to its systems, prevent unauthorized use of customer data and any potential loss. Pre-application system penetration tests shall be required. In general, the IT policies and procedures should at a minimum adequately cover the following;</p> <ul style="list-style-type: none"> <li data-bbox="953 776 2026 873">i. IT asset inventory management & maintenance provisions – this includes consideration for critical assets such as databases, software and non critical assets such as general computing equipment <li data-bbox="953 878 2026 943">ii. Configuration management, including change management procedures, such as new software deployment <li data-bbox="953 948 2026 980">iii. Identity and Access management policies, procedures and tools. <li data-bbox="953 985 2026 1083">iv. Data Architecture and the related protection policies and procedures i.e. confidentiality, encryption, data integrity, data masking, data retention, data classification, data access restrictions etc. <li data-bbox="953 1088 2026 1153">v. Systems patching & vulnerability management, including periodic penetration tests & vulnerability assessments <li data-bbox="953 1157 2026 1190">vi. Formal documentation of the network architecture <li data-bbox="953 1195 2026 1260">vii. E-mail & browser security policies and procedures which should among others provide for user awareness and training <li data-bbox="953 1265 2026 1297">viii. Provisions on end point security & hardening.
8.	Policies and procedures for transacting with customers that include disclosure	The policies should ensure that adequate consumer protection measures and dispute resolution mechanisms are in place as laid out in the NPS

No.	Requirement	Remarks
	requirements, complaints, pricing and redress mechanisms, including a consumer protection policy.	Consumer Protection Regulations. This includes but is not limited to the complaints channels, resolution times and escalation mechanisms including possible restitution procedures.
9.	Certified copy of incorporation documents	This includes the memorandum of association, articles of association, certificate of incorporation, return of allotment (Form 10), particulars of the directors (Form 20), notification of the registered offices among others. Applicants must be incorporated as limited liability companies in Uganda with a minimum of two shareholders.
10.	At least two recommendation letters from persons of good repute attesting to the credibility of the directors, managers and substantial shareholders of the applicant to offer the services applied for	The recommendation letters should attest to the integrity, conduct and general probity of the nominee. The letters must also provide the contact details of the referees for further follow-up and verification.
11.	A duly filled fit and proper person Form for substantial shareholders, directors and managers as prescribed in Form B;	The form (copy attached) should provide all the required details, including detailed addresses and contacts for the current and previous employment and should be commissioned before a Commissioner for Oath or a Notary Public. Resident directors and senior managers who are foreigners shall be required to submit copies of their valid work permits. Applicants must ensure that the proposed directors, managers and where applicable the trustees are competent, of sound judgement with the requisite qualifications and experience to run the licensed services. Furthermore, they must be of good moral standing in society with no court convictions on matters related to honesty or integrity, regulatory sanctions or financial malpractice. (see item 4)
12.	Certificate of good conduct for substantial shareholders including beneficial owners, directors and managers;	This certificate should be issued by the International Police (Interpol). For directors and senior managers from foreign jurisdictions, a Police clearance letter or certificate can suffice. However, the certificate/letter should provide details of the issuer for verification purposes.
13.	Credit reference report for substantial shareholders including beneficial owners, directors and managers;	Applicants that are not registered on the Credit Reference Bureau should explicitly indicate so.
14.	Source of funds with supporting documents	This could take the form of savings, salary, dividends or other sources of funds. Evidence of the sources shall be required.

No.	Requirement	Remarks
15.	In the case of a foreign company copy ,incorporation documents certified by a notary public	No licences shall be issued to foreign incorporated entities. Where foreign companies are shareholders in the applicant entity, notarized incorporation documents shall be submitted as part of the supporting documents for the shareholders.
16.	Audited financial statements for the previous two years where the applicant has an established business.	The audited financial statements must be prepared by a firm licensed by the Institute of Certified Public Accountants of Uganda. For newly incorporated entities, pre-trading audited financial statements shall be submitted.
17.	A copy of a tax clearance certificate.	The company, shareholders, directors and senior managers shall submit current tax clearance certificates issued by Uganda Revenue Authority. Non-resident directors may submit tax clearance certificates issued by the tax authorities in their home jurisdictions.
18.	In case of an applicant who intends to operate a payment system or offer a payment service on electronic systems or platforms a certified copy of a systems licence from National Information Technology Authority Uganda (NITA -U);	This certification is executed by NITA-U in accordance with the Electronic Transactions Act, 2011 and must be submitted at the point of application and on an annual basis thereafter.
19.	Proof of payment of the application fees.	Evidence of payment shall be provided before the evaluation of the application can commence. Where Bank of Uganda approves an application for licence, the applicant shall be required to pay annual licence fees as laid out in Schedule 3 of the NPS Regulations, 2021.
20.	A copy of the policy for monitoring, detecting and reporting incidences of money laundering and combating the financing of terrorism.	This policy shall indicate how the applicant intends to ensure compliance with the provisions of the AML Act and the Regulations thereunder. This includes mechanisms in place to prevent, monitor and detect possible cases of money laundering and terrorism financing. It should also lay out the reporting arrangements for suspicious activity.
21.	Documented outsourcing arrangements.	This includes copies of outsourcing contracts and agreements with business partners and where applicable shared services agreements with related companies. Outsourcing arrangements shall include a description of the associated risks and the control measures in place.

No.	Requirement	Remarks
22.	Information on planned or existing participation in a domestic or foreign payment system.	This shall provide the detailed write up on the participation rules of the said system and evidence of admission there to.
23.	Evidence of holding the minimum paid up capital.	This shall generally take the form of audited financial statements. For newly incorporated entities, pre-trading audited financial statements shall be submitted. As in no.16 above, the financial statements must be audited by a firm licensed by the Institute of Certified Public Accountants of Uganda. Applicants are reminded that the minimum capital is not to be submitted to Bank of Uganda, but rather is held by the applicant to support business operations.
24.	An agreement between the applicant and a financial institution where all charges, fees and penalties shall be recovered	This agreement should give Bank of Uganda power to directly levy any charges or penalties to the nominated financial institution.
24.	A list of other countries in which the applicant is licensed to engage in or provide other similar businesses if any	Where the applicant is licensed in other jurisdictions, copies of the licence shall be provided.
25.	In case of an electronic money issuer a copy of the customer service agreement among others specifying the fees to be charged on the customer;	The licensee shall provide a detailed pricing structure and the related terms and conditions of service. These shall be aligned to Regulation 12 – 14 of the NPS Consumer Protection Regulations, 2022.
26.	Business Premises	Applicants must have a fixed and identifiable place of business that is accessible to the public and suitable for the proposed business. Bank of Uganda shall conduct an inspection of the business premises to assess their suitability for the delivery of payment services or payment system operations. The business premises shall have adequate security, be suitable for licensed business operations and shall be separated from other business activities that the applicant may be engaged in.

Note; This document only provides the explanatory details. Applicants are advised to acquaint themselves with the relevant provisions of the NPS Act, 2020 and the NPS Regulations, 2021. As provided in Regulation 3(2)(z), Bank of Uganda reserves the right to vary these requirements or to request for any additional information if deemed necessary to support the evaluation of the application for licence.

THE REPUBLIC OF UGANDA

FORM – A

Regulation 3 (1)

**APPLICATION FOR A LICENCE OF PAYMENT SERVICE PROVIDER OR AN
OPERATOR OF A PAYMENT SYSTEM**

NOTE: This application shall be filled in Capital Letters

1.	NAME OF APPLICANT (<i>as it appears in the registration certificate</i>):	M/S:
2.	TYPE OF LICENCE BEING APPLIED FOR:	Payment Service Provider/ Operator of a Payment System
	Category of Payment system Services	
3.	APPLICANT'S CONTACTS	
	Physical Address:	
	Street/Road:	
	Plot No:	
	Town/City:	
	Building:	
	Floor:	
	Postal Code:	
	Phone/Fax No.	
	Mobile No.	
	Email Address:	

4. Particulars of substantial shareholders

S/N	Name	Nationality	Telephone Numbers & Email	Occupation	Percentage of shareholding
1.					
2.					
3.					
4.					

5. Particulars of directors and managers in order of seniority

S/N	Name	Nationality	Designation	Educational Qualification
1.				
2.				
3.				
4.				
5.				

6. OTHER INFORMATION

S/N	
1.	State whether any of the partners/directors/substantial shareholders have a beneficial interest in any other business licensed to provide payment services
2.	Has any of previous application been rejected or cancelled under the Act? (If so give details)

7. SUPPORTING DOCUMENTS

S/N	DOCUMENTS
1.	Covering letter
2.	All documents listed under regulation 3 to these Regulations.

8. DECLARATION (by substantial shareholders)

I/We, the undersigned, hereby declare:	
(a) THAT the particulars set out herein are true and correct to the best of my/our knowledge and belief;	
(b) THAT I am/we are not undischarged bankrupt and that I/we have never been convicted of fraud or dishonesty;	
Name:	Signature:
Name:	Signature:
Name:	Signature:

BEFORE ME:

COMMISSIONER FOR OATH/ NOTARY PUBLIC

THE REPUBLIC OF UGANDA

FORM - B

FIT AND PROPER

PERSON FORM

Reg 3 (2) (j), 13 (2) (b) and 28(2) (c)

(TO BE COMPLETED BY SUBSTANTIAL SHAREHOLDERS, DIRECTORS, SENIOR MANAGERS AND TRUSTEES)

1. PERSONAL INFORMATION

- (a) Full name (Mr. /Ms.).....
- (b) Previous names (if any)
- (c) Year and place of birth:.....
- (d) Nationality:.....
- (e) National ID (Ugandans),Passport number (for foreigners) , date and place of issue:.....
- (f) Postal address:.....
- (g) Physical residential address:.....
- (h) Telephone number:.....
- (i) E-mail address:.....
- (j) Educational qualifications:.....
- (k) Professional qualifications:.....

2. EMPLOYMENT/BUSINESS RECORD

Period	Name of Employer/Business and address	Positions held and dates	Responsibilities	Reasons for leaving (where applicable)

3. SHAREHOLDING IN OTHER COMPANIES (DIRECTLY OWNED OR THROUGH NOMINEES)

Company Name	Date of Incorporation	Percentage of shareholding

4. OTHER INFORMATION

4.1 Have you or any entity with which you are associated as substantial shareholder or director held or applied for a licence to carry on payment system business?

.....

4.2 Have you at any time been convicted of any criminal offence in any jurisdiction? If so, give particulars of the court by which you were convicted, the offence, the penalty imposed and the date of conviction.

.....

4.3 Have you ever been dismissed from any office or employment, been subject of disciplinary proceedings by your employer or barred from entry into any profession or occupation? If so, give particulars.

.....

4.4 Have you ever been declared bankrupt by a court or has a bankrupt petition ever been served on you? If so, give the status.

.....

4.5 Have you ever been held liable by a court, for any fraud or other misconduct? If so, give particulars.

.....

....

4.6 Is there any additional information which you consider relevant for the consideration of your application for the payment system licence?

.....

NOTE: The information provided in response to this questionnaire shall be kept confidential by the Bank except in cases provided otherwise by law.

5. DECLARATION

- 5.1 I am aware that it is an offence to knowingly or recklessly provide any information which is false or misleading in connection with an application for a payment system licence.
- 5.2 I certify that the information given above is true to the best of my knowledge and that there are no other facts relevant to this application of which the Central Bank should be aware.
- 5.3 I undertake to inform the Bank of any changes material to the application which arise while the application is under consideration.

Sworn at Kampala this _____ day of _____

Name

Position held/to be held

Signed

.....
Date

BEFORE ME:

COMMISSIONER FOR OATH/ NOTARY PUBLIC

THE REPUBLIC OF UGANDA

FORM – C

Regulation 4(2)

APPLICATION FOR A LICENCE TO ISSUE A PAYMENT INSTRUMENT

NOTE: This application shall be filled in Capital Letters

1.	NAME OF APPLICANT <i>(as it appears in the registration certificate):</i>	M/S:
2.	CATEGORY OF LICENCE BEING APPLIED FOR:	Payment Instrument Issuance Approval
3.	APPLICANT'S CONTACTS	
	Physical Address:	
	Street/Road:	
	Plot No:	
	Town/City:	
	Building:	
	Floor:	
	Postal Code:	
	Phone/Fax No.	
	Mobile No.	
	Email Address:	

4. SUPPORTING DOCUMENTS

Submit all documents listed under regulation 4 to these Regulations

5. DECLARATION (by substantial shareholders)

I/We, the undersigned, hereby declare:	
(a) THAT the particulars set out herein are true and correct to the best of my/our knowledge and belief;	
(b) THAT I am/we are not undischarged bankrupt and that I/we have never been convicted of fraud or dishonesty;	
Name:	Signature:
Name:	Signature:

BEFORE ME:

COMMISSIONER FOR OATH/ NOTARY PUBLIC

FORM D

THE REPUBLIC OF UGANDA

Reg 12 (2)

APPLICATION FOR APPROVAL TO OPEN A TRUST ACCOUNT

1.	NAME OF the Electronic money issuer <i>(as it appears on the licence):</i>	M/S:
2.	Name of the Financial institution or microfinance deposit taking institution where the trust account is intended to be opened	
3.	ELECTRONIC MONEY ISSUER CONTACTS	
	Physical Address:	
	Street/Road:	
	Plot No:	
	Town/City:	
	Building:	
	Floor:	
	Postal Code:	
	Phone/Fax No.	
	Mobile No.	
Email Address:		

4. List of the proposed trustees

Name	Profession/ occupation

5. DECLARATION (by substantial shareholders)

I/We, the undersigned, hereby declare:	
(c) THAT the particulars set out herein are true and correct to the best of my/our knowledge and belief;	
(d) THAT I am/we are not undischarged insolvent and that I/we have never been convicted of fraud or dishonesty;	
Name:	Signature:
Name:	Signature: