

Part Six
Banking Systems

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Banking Electronic Instructions

1- Smart Cards and EMV Standard Approval

1/1 Out of QCB's concern to develop the banking and payment systems to keep pace with the latest international technology and implement the new standards for using smart cards in compliance with EMV Standard, (deadline for EMV implementation is November 2005), and to achieve the aspired goals, the period determined for EMV standards to be complied with the national network" NAPS", shall be extended up to 31/01/2006 to implement the new system and to adjust the systems of the banks to such standard and accept the (Acquirer) transactions and cards. In case of any delay, a financial fine shall be imposed for each week of delay as shown in page no. (382) of Part of Penalties and Financial Fines.

1/2 To complete the implementation of EMV standard, QCB decides that the deadline for completion and applications of the banks' programs to be compatible with EMV standards as issuer is the end of August 2006. Kindly start replacement and circulation of ATM cards and Debit/Credit Cards with Smart Chip for customers. Therefore, all banks are required to complete the update before the above-mentioned date.

1/3 With regard to QCB's previous instructions in circular no. (142/2005) dated 21/11/2005 and circular no. (35/2006) dated 8/3/2006, QCB would like to remind banks that the deadlines to finalize EMV standards implementation on banks' own network and on NAPS shall be as the following:

- Deadline for EMV standards application as an Acquirer is 30/6/2006.
- Deadline for EMV standards application as an Issuer of cards is 31/8/2006.
- Deadline for issuance of customers' cards embedded with smart chip compatible with EMV standards is 30/9/2006.

QCB shall impose financial fine of (QR 25000) for each week of delay after deadlines above-mentioned circular (87/2006).

1/4 With reference to the previous instructions on smart card standards application, please check that ATM machines and point of sale are compatible with EMV

standards. QCB has noted that some ATMs compatible with EMV system are switching the transactions that should be locally settled to other nets such as “VISA Electron”.

Therefore, difference in amounts resulted from the above-mentioned transfers shall be debited from the bank owning such machines.

1/5 With reference to the previous instructions on finalizing EMV standards application and to article no. (105) of QCB Law no. (33) of the year 2006, all banks operating in the state of Qatar should comply with the following:

- All ATM cards must be replaced by Debit Cards with Smart Chip compatible with EMV requirements for all customers with no exception before 1/9/2007.

Banking Electronic Instructions

- QCB shall impose financial fine of (QR 25000) for each week of delay after deadlines set in above-mentioned circular no. (56/2007).

1/6 EMV Approval Systems

As some banks operating in the state of Qatar, and to promptly complete implementation of EMV standards, have decided to outsource the credit card approval systems and Debit Cards with Smart Chip compatible with EMV Standards to other companies or banks outside Qatar;

All banks adopting such strategy should amend their own systems to cope with such approval systems before 31/12/2007.

QCB shall impose financial fine of (QR 25000) for each week of delay after above-mentioned deadlines according to article (105) of QCB Law no. (33) of the year 2006 (Circular no. (58/2007)).

1/7 ²⁸ATM Cards issued in Qatar

All banks operating in Qatar (as issuers or acquirers) should reject all transactions of the ATM cards issued in Qatar and conducted using the information on the magnetic strip through ATM machines operating in Qatar. Otherwise, banks should approve only transactions of the ATM cards whose information on the smart cards, which is compatible with the EMV standards, is read and sent.

Such instructions shall come into effect as of Sunday 1 Mach 2009.

²⁸ Refer to circular no. (11/2009) dated 26 February 2009.

2- Swift Net Phase 2 Migration

(Swift net bank members in Qatar)

The SWIFT's general assembly has approved the suggested deadline of the swift net phase 2 migration plan, which is 31/8/2007, for all swift net member banks in Qatar.

Kindly notify us with your acceptance of the approved date within one week from 18-9-2005 to enable us to reply to SWIFT indicating the agreement of all members.

Please inform your concerned officials to be prepared for the next phase according to the recommendations from SWIFT.

3- Risk Mitigation for Banks' Customers:

3/1 Within the framework of risk mitigation plan for customers of banks operating in Qatar, all banks should comply with the following:

- Install customer notification device via SMS messages for transactions made on accounts, ATM cards, and credit cards.
- Establish a customer call center to report on lost and stolen cards in addition to other services.

The above-mentioned instructions must be made before 31/10/2006.

3/2 After two weeks from 18/3/2007, QCB shall impose financial fine of QR 10000 on violating banks for each week delayed after the above-mentioned deadline, circular no. (99/2006).

4- Using (MC2) Master Card in Qatar:

As for the worldwide use of the untraditional (MC2) cards, and to avoid any troubles banks may encounter when establishing current ATMs infrastructure resulting from using MC2 cards with its one side curved shape, all banks should update their ATM machines to accept MC2 cards before 31/10/2006.

5- "SIBNET" Secured Network System:

5/1 Kindly be informed that QCB has implemented "SIBNET" network among banks to be installed on QCB-connect, ensuring the privacy of the data transfer in order to be used in conjunction with Inter-bank payments system RTGS, electronic mail, central reporting and banking risk systems in addition to other applications. Banking Systems Department had held numerous meetings with banks' officials in this connection.

5/2 Kindly be noted that the "SIBNET" Secured Network System shall start as of 16/3/2008. Accordingly, banks should start using the SIBNET for the following banking processes in coordination with Banking Systems Department:

- Currently Available Services in SIBNET System
 - 1- Inter-bank Payments (Unilateral or Multiple Payments)
 - 2- Qatar Money Market Rates (QMR)- (Depositing and Borrowing)
 - 3- NAPS Reconciliation
- Future Available Services in SIBNET System
 - 1- Offering Certificates of Deposits (CDs)
 - 2- Offering Government Securities (GSs)
 - 3- Ownership movement in CDs and GSs
 - 4- Secured e-mails between QCB and banks
 - 5- Other services that will be set later.

6- ATM Machines Services:

To enhance ATM machines services in Qatar and to provide the best and continuous service for citizens and the residents, banks should comply with the following:

- Provide QCB with information, within one week as of 2/11/2006, about the system used by each bank, concerning means of checking the amount of cash in ATMs (electronic or manual), and number of times they are being replenished during weekend, vacations and on official holidays.

- Install alternate communication network for all ATMs to be used if the main network is out of service. Sign Service Level Agreement (SLA) to provide maintenance by Qtel for 24 hours on working days and official holidays.
- If the machine or network is down or run out of cash for more than two hours in rush time, the license of the such machine will be cancelled, and no further machines license shall be granted for a period specified by QCB. If such action repeated three times, QCB will take decisive actions concerning granting license for ATM machines.

With reference to QCB instructions no. (ن ت - 208/1998) dated 6/5/1998, no. (ن ت - 151/2002) dated 24/6/2002, no. (ن ت - 7/2003) dated 14/1/2003, and to article no. (105) of QCB Law no. (33) of the year 2006, QCB noted that some banks violate NAPS operation regulations by not reversing incomplete recorded transactions resulting from ATMs' malfunction which did not successfully carry out cash dispensing and accounts of customers are debited in the mean time.

Therefore, QCB shall impose financial fine of QR 5000 for each violation to these instructions, circular no. (57/2007).

8- Equipment of ATM Machines with Security Devices:

Within the framework of risk mitigation plan for customers of banks operating in Qatar, all banks should comply with the following:

- Install Pinhole and Surveillance Cameras in all ATMs locations equipped with recording devices with at least one-month recording capacity.
- Install Fraud Detection Devices in all ATM machines.

All the above-mentioned adjustment must be completed by 15/10/2006, considering that QCB will issue instructions to stop any ATM machines not adhering to the above-mentioned security measures.

9- GCC Net:

All banks should comply with conducting settlement of claims for the GCC Net within a maximum of 14 working business days from the date of claim submission. If the duration has been exceeded, the amount would be deducted on the bank using the clearing account. Accordingly, any other applications will not be considered after this procedure.

This decision shall come into effect as of November 2007.

10- Development of Collection of Cheques

7- NAPS Operation Regulations:

10/1 Within the framework of development and acceleration of cheques' collection, all banks should provide cheque scanners to enter the cheques' data using the front desk/counter and not the back office in order for the customers (individuals) to ensure that cheques's data are entered in the system immediately after being submitted. Accordingly, banks should provide special offices for cheques submitted by companies in the main and crowded branches using the back office.

Accordingly, all banks should complete these arrangements and preparations during 3 months as of 17/2/2008.

10/2 ²⁹Within the framework of development and acceleration of cheques' collection and in the light of paving the way to implement the multi-priority cheques' collection system, banks should comply with the following procedures:

- 1- Banks shall provide cheque scanners on the cashier counters and not at the back office.
- 2- Banks shall receive and copy cheques in the cheques' collection system. Banks shall deliver the directly scanned receipts to customers. Banks shall stop scanning cheques stamped and delivered to the customer (with exception, during bank's emergencies and cases of computer system breakdown).
- 3- For avoiding delay to the individual customers, banks shall provide cashier counter on which cheques can be received from the institutions and companies, and scanned receipts can be delivered as mentioned in item no. (2) especially in the crowded branches.

²⁹ Refer to circular no. (92/2008) dated 13 July 2008.

- 4- Banks should complete implementation of such procedures within 8 weeks as of issuance date (13/7/2008).

11- ³⁰Photocopying the Original Cheques

All banks operating in Qatar should comply with the instructions on scanning and sending cheques through the Electronic Cheque Clearing (ECC). While scanning, banks should use the original cheques and not their copies.

In case of any violation, a financial fine shall be imposed by virtue of article no. (105) of QCB Law no. (33) of the year 2006.

With reference to circulars no. (75/2006) dated 22/5/2006 and letter no. (م ن - 313/2007) dated 27/5/2007 concerning the above-mentioned subject, all banks should prepare the required data in pursuance with the technical instructions on the amended credit risk management system by 31/12/2007. Please refer to circular no. (145/2007) dated 29/7/2007, attached with the letter no. (م ن - 313/2007).

13- ³¹Using the Credit Card Prefix

With reference to the bank's usage of the credit card prefix, you should inform the Banking Systems Department of the currently-used and new numbers to be used for issuing cards carrying such numbers.

³⁰ Refer to circular no. (74/2008) dated 13 May 2008.

³¹ Refer to circular no. (8/2009) dated 12 February 2009.