Part Six

Banking Systems

Banking Electronic Instructions
1- Smart Card and EMV Standard

1/1 Items no. (1/1), (1/2) and (1/3) in page no. (108) of the “Instructions To Banks - March 2009” are still valid. Refer to annex no. (3) in the “Instructions To Banks - September 2013”. In case of any violation, a financial penalty shall be imposed.

1/2 With reference to the previous instructions on smart card standard application, please check that ATMs and points of sale (POS) machines are compatible with EMV standards. QCB has noted that some machines compatible with EMV system are switching the transactions that should be locally settled to other networks such as “VISA Electron”.

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

1/3 With reference to the previous instructions on finalizing EMV standard application and to article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012), 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 and distributed to all customers with no exceptions.

1/4 EMV Approval Systems

As some banks operating in the State of Qatar, and to promptly complete application 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.

1/5 94 ATM 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 are effective from Sunday 1/3/2009.

2- Risk Mitigation for Banks' Customers

2/1 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.

2/2\(^{95}\)SMS Messages for Customers’ Withdrawals

With reference to circulars no. (99/2006) dated 10/7/2006 and no. (53/2007) dated 18/3/2007 concerning the above-mentioned subject, it has been recently noticed that some banks have not complied with these circulars. So, QCB has decided the following:

1- Banks shall comply with the above-mentioned circulars.

2- In case of any violation, QCB shall impose a financial penalty by virtue of article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).

3-"SIBNET" Secured Network System

3/1 Kindly be informed that QCB has implemented "SIBNET" network among banks to be installed on QCB-connect network, 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.

\(^{95}\)Refer to circular no. (46/2013) dated 13/6/2013.
A- Kindly be informed that the SIBNET* Secured Network System shall start as from 16/3/2008. Accordingly, banks should start using the SIBNET for the following banking transactions in coordination with Banking, Payment and Settlement Systems Department:

- Currently Available Services in SIBNET System
  - Inter-bank Payments (Unilateral or Multiple Payments)
  - Qatar Money Market Rates (QMR) - (Depositing and Borrowing)
  - NAPS Reconciliation

- Future Available Services in SIBNET System
  - Offering Certificates of Deposits (CDs)
  - Offering Government Securities (GSs)
  - Ownership movement in CDs and GSs
  - Secured e-mails between QCB and banks
  - Other services that will be set later.

B- All banks should send the claims of NAPS Reconciliations using the proper screen through SIBNET. Any request sent through a different network will be rejected. Accordingly, QCB shall impose a QR 100 penalty for each rejection transaction.

C- Using SIBNET for QMR Transactions:

With reference to QCB circular no. (31/2008) dated 10/3/2008, item no. (3/2:A), all banks operating in Qatar are required to send all QMR transactions through SIBNET as from Sunday 19/4/2009, given that all QMR transactions that are not sent to through SIBNET will be rejected as from 26/4/2009. If the SIBNET is not available, the SWIFT net will be the alternative network.

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4- ATM Machines Services

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

- Provide QCB with information 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 alternative communication network for all ATMs to be used if the main network is out of service. Additionally, a Service Level Agreement (SLA) should be signed 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 an action is repeated three times, QCB would take decisive actions concerning granting license for ATM machines.

5- NAPS Operation Regulations


Therefore, QCB shall impose financial penalty of QR 5000 for each violation to these instructions. Refer to circular no. (57/2007).
6- **Response to Claims of NAPS Reconciliations within Limited Time**

With reference to QCB’s letter no. (25/151/2002) concerning the above-mentioned subject, banks shall comply with the following:

6/1 Banks shall accept or reject the claims within 3 working days as from the date of the claim receipt.

6/2 If banks do not respond to the claims, the claim amount shall be debited from the claim responding bank and credited to the claim initiating bank. Accordingly, QCB shall impose a financial penalty by virtue of article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).

6/3 The card issuer bank shall refund the returned amount to the customer’s account within 24 hours.

6/4 If the card issuer bank violates these instructions, QCB shall impose a financial penalty by virtue of article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).

7- **Equipment of ATM Machines with Security Devices**

7/1 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 120-day recording capacity.
- Install Fraud Detection Devices in all ATM machines.

7/2 Within the framework of the efforts exerted by QCB in order to promote the banking system in Qatar, to enhance the service quality and to enhance the joint cooperation between QCB and Ministry of Interior to facilitate the data access, especially data on the ATM’s mostly-low resolution internal or external cameras, and with reference to the previous correspondences concerning this subject, banks should comply with the following:

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• Upgrade the internal or external cameras’ resolution to stay up to date with the latest technology. Keep recordings for 120 days so that they can be retrieved when necessary.

• Provide QCB with the geographic coordinates for vertical and horizontal positions of the ATMs’ locations in Qatar, such as QCB location (25° 17’ 24.98 N, 51° 32’07.51 E).

• Link the ATMs’ cameras automatically with the operations’ room of the National Command Center (NCC - Ministry of Interior) to monitor the suspects.

For any queries, please contact the Banking, Payment and Settlement Systems Department.

8- 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 is effective from November 2007.

9- Development of Collection of Cheques

9/1 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.
Within 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:

A- Banks shall provide cheque scanners on the cashier counters and not at the back office.

B- 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).

C- 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. (B) especially in the crowded branches.

10- Photocopying the Original Cheques

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

In case of any violation, QCB shall impose a financial penalty by virtue of article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).

11- Using the Credit Card Prefix

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

100 Refer to circular no. (92/2008) dated 13/7/2008.
12- ^103^Points of Sale (POS) Machines

12/1 All banks operating in Qatar, that provide the service of POS machines in different locations such as the public and private institutions, shops and other services, should obligate these entities to locate the POS machines in a proper place to be apparent to customers when conducting transactions and obligate the customers to enter the card’s PIN code digits.

These entities should be informed that in case of any violation, this service will be cancelled and all machines will be withdrawn.

If the concerned bank does not take the proper procedures against the violating entity, QCB shall take all procedures to stop this service.

12/2 ^104^POS machines provided by GCC Net

All banks that provide the service of POS machines in Qatar shall take the required actions to conduct the transactions of POS machines provided by GCCNET through NAPS.

Please contact Banking, Payment and Settlement Systems Department for coordination regarding technical procedures and details.

13- ^105^Direct Credit and Debit System (QATCH)

13/1 In pursuance with article no. (71) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012), the direct credit and debit system (QATCH) has been launched using the advanced and developed electronic systems. This new system is working through a secure electronic network and aims at facilitating the exchange of payments among the financial institutions in Qatar and conducting low-value payment clearing transactions.

The new system aims at modernizing the banking system in Qatar and making the exchange of funds and payments among the different institutions easy and safe.

This system is one of the significant alternative of cheque which is a settlement instrument on presentation in pursuance with article no. (580) modified by Law no.

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^104^ Refer to circular no. (14/2011). Paragraph no. (11/2) has been amended according to letter of Banking System Department no. (٥٧٤/٢٠١١) dated 26/12/2011, submitted to the Deputy Governor.
(7) of the year 2010 amending some of the provisions of the Commercial Law no. (27) of the year 2006.

The Operating Rules - First Edition, attached to circular no. (20/2010) dated 1/3/2010, includes how the system is working, way of subscription, duties and responsibilities of subscribers and all related operational aspects.

Additionally, rules of operating the system regulate all operations and ways of using the system.

All subscribers should take into account the mentioned operating controls and rules, training of some employees for using the system in coordination with the Banking, Payment and Settlement Systems at QCB.

13/2 Operating the Direct Credit and Debit System (QATCH)

With reference to circular no. (20/2010) concerning Direct Credit and Debit System (QATCH), QCB decided the following:

A- The start date of operating the Direct Credit and Debit System (QATCH) is on Monday 5/4/2010.

B- For any queries, please contact the Banking, Payment and Settlement Systems Department at QCB.

C- All banks should comply with the decided dates and operating rules attached to circular no. (27/2010) dated 22/3/2010.

D- Refer to the QATCH Regulations in annex no. (153).

13/3 Operating the Direct Credit and Debit System (QATCH)

As banks’ systems are completely linked to the Direct Credit and Debit System (QATCH), they should comply with the following:

1- The attached system window schedule. Refer to annex no. (159).

2- Use all payment categories mentioned in the system according to the attached schedule. Refer to annex no. (159).

3- In order to maintain the soundness of the banking and payment systems, banks should take into consideration QCB’s instructions regarding sending and receiving the bank’s drafts inside Qatar. Banks should also follow the sound

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banking principles and implement the dual control, at least, to ensure that the bank’s drafts sent through the system are sound.

These instructions are effective from 8/8/2010.

14- Transactions’ Electronic Robust Mandate System (TERMS)

As QCB is keen on adopting the banking transactions’ electronic systems and enhancing the direct credit and debit system (QATCH) which allows the customers of the financial institutions, the users of the services institutions and others to sign the mandates of the monthly or periodical payments or the due periodical invoices, and to achieve these objectives, QCB will implement TERMS. Accordingly, all banks shall install and merge the components of TERMS with the currently-used banking systems within three months as from the issuance date.

TERMS Mandate Operational Manual is attached to circular no. (27/2012) in Arabic and English.

For any queries, please contact the Banking, Payment and Settlement Systems Department at QCB.

15- Launching Q-pay

As Q-pay has been launched in order to service the banking, commercial and services sectors, banks shall comply with the following:

A- Training and spreading awareness to the concerned employees, especially the customers service section and call center employees.

B- Preparing and assigning employees for responding to queries of the customers’ applications concerning the E-wallet and verifying the customer’s data, especially the ID.

C- Contacting with the Banking, Payment and Settlement Systems Department for coordination regarding technical and operational details of the system.

16- Bill Payment via ATMs

Banks operating in Qatar, that use fee or bill payment systems or other utility payment applications via their ATMs including Debit Credits and Credit Cards of their customers and of other banks’ customers operating in Qatar, shall update their systems so that the transactions received in NAPS are treated as POS transactions and not ATM transactions within 3 weeks as from the issuance date.

17- Customers’ Data on Remittances, and Selling and Buying Currencies

Banks operating in Qatar shall update data on the central reporting system on all transactions relating to selling and buying currencies and remittances that are conducted through banks’ counters and settled in cash, as they are not reflected on the customers’ accounts. Banks shall also record data of the customers who are selling and buying currencies or conducting such remittances.

All required updates shall be made within 2 months as from the issuance date. Please contact Banking, Payment and Settlement Systems Department for coordination.

18- Mobile ATM Vehicles

Banks applying for mobile ATM vehicle service license shall comply with the following instructions and specifications:

A- Notifying QCB prior to launching the mobile ATM vehicle.

B- Cash inside the ATMs shall be secured.

C- The vehicle's driver shall be accompanied by bank's employee.

D- The ATMs shall be replenished with cash inside the bank premises by the authorized staff.

E- Mobile ATMs shall be equipped with Pinhole and Dome cameras to cover areas surrounding the vehicle and must be connected to control room.

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111 Refer to circular no. (73/2011) dated 22/9/2011.
F- Alarm Devices shall be attached to Mobile ATMs and linked to Ministry of Interior.

G- Mobile ATMs shall be equipped with Vehicle Tracking System.

H- Places where cash replenishment is carried out shall be equipped with cameras.

I- All withdrawal transactions shall be recorded.

If any bank does not comply with these instructions, QCB will demand the bank to stop providing this service and impose a financial fine on the violating bank.

For any queries, contact Mr. Abdel Hadi Ahen, Head of Financial Institutions Inspection Committee Tel: 44456371/44456254 Email: ahena@qcb.gov.qa.

19- **Controls and Standards of Security Precautions at Banks and ATMs**

Refer to the instructions in page no. (389).

20- **Security Surveillance Systems**

Refer to the instructions in page no. (391).

21- **ATMs for Persons with Special Needs**

As Qatar pays attention to persons with special needs and wishes to improve the banking services offered to them, banks shall comply with the following:

A- Providing ATMs with new technology for persons with special needs (who are using the wheelchair and blind and visually impaired persons). Banks should take into consideration the height of ATMs, the track for movement of the wheelchair, Braille Alphabet and voice software technology to enable the persons with special needs to access ATMs easily and conveniently.

B- Providing one ATM per each 20 ATMs of the bank (i.e. 5% of the ATMs) or one ATM if the total ATMs of the bank is less than 20 ATMs.

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114 Refer to circular no. (76/2011) dated 2/10/2011.
C- Choosing the proper locations for installing these ATMs so that they can be appropriately distributed in malls, tourist places, airports, hospitals and other services locations.

D- Complying with QCB’s previous instructions on controls and standards of security precautions in banks and ATMs while installing these ATMs.

Banks should comply with and implement the above-mentioned instructions within 6 months as from the issuance date.

For any queries, please contact Mr. Abdel Hadi Ahen, Head of Financial Institutions Inspection Committee, Tel: 44456371/44456254 Email: ahena@qcb.gov.qa.

22- Implementation of International Bank Account Number (IBAN) in Qatar

A- The IBAN facilitates the procedures of the remittance-related transactions and helps in bringing more efficiency and accuracy in the payment transactions. IBAN implementation will facilitate the Straight Through Processing (STP) of the cross-border and domestic Electronic Payments in accurate way. With reference to circular no. (107/2011) dated 26/12/2011, QCB has decided to implement the IBAN in the banking sector in Qatar. For purpose of implementing the IBAN, banks shall comply with following:

- Customize your internal systems of the customers’ accounts to suit the ISO 13616.
- Banks shall conduct the remittance-related transactions for the cross-border and domestic payments through the IBAN.
- Banks shall implement the IBAN for all existing and new customers.
- Banks shall submit periodical reports on the implementation plan within the first week of the second quarter of the current year and furnish QCB with recent developments while implementing the IBAN.

• Banks shall assign a compliance officer and a contact person between QCB and banks as QCB will convene several periodical meetings with banks to explain how to implement the IBAN.

• Start date of the IBAN implementation shall be as from 1/4/2013 and the end date shall be before the end of the current year.

For any queries, please contact the Banking, Payment and Settlement Systems Department, tel.: 44456449, e-mail: rashidm@qcb.gov.qa.

B- With reference to the above-mentioned subject, to circular no. (24//2013) dated 26/3/2013, and according to the meeting convened with all banks operating in Qatar on 9/5/2013, banks shall comply with the following:

1- Change the IBAN field which is 29 characters.

2- The bank identifier code shall be SWIFT BIC.

3- Banks shall implement the IBAN for the core banking systems relating to the customer’s account numbers and payment systems linked to the Real Time Gross Settlement (RTGS), QATCH, TERMS and SWIFT.

Mr. Abdel Hadi Ahen, Acting Director of the Banking, Payment and Settlement Systems Department is a head of a team assigned to follow up the implementation of the IBAN and the bank’s compliance with the above-mentioned points.

In case of bank’s non-compliance with these instructions, QCB shall impose a financial penalty by virtue of article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).

For any queries, please contact the Banking, Payment and Settlement Systems Department, tel.: 44456449.

C- Implementation of the IBAN in Qatar:

With reference to circulars no. (24/2013) and no. (38/2013) concerning the above-mentioned subject, all financial institutions shall comply with the IBAN Standards Document in annex no. (193).

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117 Refer to circular no. (38/2013) dated 20/5/2013.
118 Refer to circular no. (66/2013).
23- **Others (Caution and Warning)**

All banks shall instruct the administrators of the electronic websites and data to exercise caution and warning and take the required procedures and precautions against any penetration and hacking that may occur inside or outside the bank.

24- **Promoting Customer Awareness in the Banking Sector**

As QCB seeks to promote customer awareness in the banking sector in Qatar, banks shall comply with following:

1- Banks shall assign a 24 hour hot line for reporting on risky transactions conducted for the customer account through ATM. This hot line should be separate from the Call Center.

2- SMS sent to customers after every transaction conducted for their accounts shall include the following sentence: “For any queries, please contact tel.: 44XXXXXX”.

3- The same sentence shall be shown on the ATM screen and the banking online service, or the through the propaganda media for banks.

For coordination purposes, please contact the Banking, Payment and Settlement Systems Department, tel.: 44456369/44456352.

25- **Storage Media**

QCB has received several complaints from some customers about viruses that infected their personal computers as a result of using the storage media provided by some banks. As QCB seeks to protect the customers, the following have been decided:

First: Banks shall take the protective security procedures and avoid giving any storage media (CDs or USB Flash) to customers in order to protect them from any technical damage that may lead to data loss.

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119 Refer to circular no. (5/2012) date 17/1/2012.
120 Refer to circular no. (2/2013) dated 10/1/2013, repeated in page no. (338).
121 Refer to circular no. (30/2013) dated 17/4/2013.
Second: In case of any violation, QCB shall impose a financial penalty by virtue of article no. (216) of the law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).

26- SWIFT User Group Chair Person

Mr. Abdel Hadi Ahen, Acting Director of the Banking, Payment and Settlement Systems Department, is assigned to be SWIFT User Group Chair Person.

27- Stress Testing for purpose of Business Continuity

Refer to circular no. (45/2013). Refer to the instructions in page no. (406).