



THE REPUBLIC OF UGANDA

**THE NATIONAL PAYMENT SYSTEMS
(CONSUMER PROTECTION)
REGULATIONS, 2022**

S.I. No. 103 of 2022

STATUTORY INSTRUMENTS SUPPLEMENT

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STATUTORY INSTRUMENTS

2022 No. 103.

THE NATIONAL PAYMENT SYSTEMS (CONSUMER PROTECTION)
REGULATIONS, 2022

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STATUTORY INSTRUMENTS

2022 No. 103.

National Payment Systems (Consumer Protection) Regulations, 2022

*(Under section 72 of the National Payment Systems Act, 2020
Act 15 of 2020)*

IN EXERCISE of the powers conferred on the Minister by section 72 of the National Payment Systems Act, 2020 and in consultation with the Central Bank, these Regulations are made this 12th day of July, 2022.

PART I—PRELIMINARY

1. Title

These Regulations may be cited as the National Payment Systems (Consumer Protection) Regulations, 2022.

2. Interpretation

In these Regulations, unless the context otherwise requires—

“Act” means the National Payment Systems Act, 2020;

“card” means any card that may be used to pay for goods and services, to withdraw or deposit cash;

“consumer” means a person who uses or has used the products provided by a licensee or who has relied on information availed by the licensee;

“data” means information about a consumer collected, stored or processed by a licensee;

“licensee” means a person licensed under the Act including a person approved to operate under the regulatory sandbox framework;

“management” means the executive committee of the licensee constituted by the board responsible for the day to day management of the affairs of the licensee.

PART II—CONSUMER PROTECTION POLICY

3. Consumer protection policy

(1) A licensee shall develop and maintain a consumer protection policy which is consistent with the provisions of these Regulations.

(2) Without prejudice to the generality of subregulation (1), the consumer protection policy shall provide for—

- (a) roles, responsibilities and training of staff members employed by the licensee or agents of the licensee in respect of consumer protection;
- (b) information sharing mechanisms on consumer protection among functional units including complaint statistics, fraud reports and legal claims;
- (c) accountability, transparency, complaint-handling processes and other redress channels;
- (d) control mechanisms to safeguard data, consumers’ assets against incidences of fraud, misappropriation and misuse;
- (e) the conducting of an annual consumer protection audit in accordance with the consumer protection policy;
- (f) the conducting of quarterly internal risk assessment to identify and assess data security risks on systems and appropriate controls to restrict and monitor access to the consumers’ information database; and
- (g) any other matter as the Central Bank may direct in writing.

(3) A licensee shall review the consumer protection policy at least every two years and submit the revised policy to the Central Bank indicating changes made within thirty days after approval by the board of the licensee.

(4) The Central Bank shall review the policy submitted under subregulation (3) within thirty days from the date of submission to ensure that the policy complies with the Act.

(5) A licensee who fails to comply with subregulations (1) and (3) shall be liable to pay a civil penalty of two hundred fifty currency points for each day of default.

4. Responsibility of board of directors

(1) The board of directors of a licensee shall be responsible for—

- (a) approving the policy on consumer protection prepared by a licensee under subregulation 3;
- (b) overseeing the implementation of the consumer protection policy;
- (c) ensuring that a licensee complies with provisions of the Act and these Regulations; and
- (d) verifying that management has put in place adequate processes for providing information necessary for monitoring and evaluation of the consumer protection initiatives through internal audit reports and risk management reports.

(2) The board of directors shall, before approving the policy under subregulation (1) (a), ascertain that the policy is adequate to protect the interests of the consumer and that the policy is up-to-date.

(3) Where the board of directors fails to perform the responsibilities of the board under this regulation, the licensee shall be liable to pay a civil penalty of two hundred fifty currency points for each day of default.

5. Responsibility of management

- (1) The management of a licensee shall be responsible for—
 - (a) establishing functional consumer protection coordination and collaboration mechanisms and preparation of reports;
 - (b) monitoring enterprise wide operations and functional compliance with consumer protection requirements;
 - (c) providing consumer protection compliance guidance in accordance with the policy and these Regulations;
 - (d) overseeing any agent or third party through which the licensee provides payment services;
 - (e) conducting consumer protection risk assessment on product and services and put in place risk mitigation measures;
 - (f) deploying professional and experienced personnel to handle consumers' complaints;
 - (g) conducting research and analysis on the patterns and trends associated with complaints from consumers; and
 - (h) providing relevant training and supervision for the employees, agents and third parties on the requirements of these Regulations.

(2) Where management of the licensee fails to perform its responsibility under this regulation, the licensee shall be liable to pay a civil penalty of two hundred fifty currency points for each day of default.

6. Submission of reports

A licensee shall, within fifteen days from the last day of every month, submit to the Central Bank information regarding complaints received by the licensee from consumers, segregated by category and agent location, including remedial measures taken.

PART III—PRINCIPLES OF CONSUMER PROTECTION

Fair and equitable treatment of consumers

7. Fairness

- (1) A licensee shall be fair in dealing with a consumer in the course of performing the licensed activities of the licensee.
- (2) A licensee shall not—
 - (a) discriminate against any consumer on grounds of sex, race, colour, ethnicity, tribe, birth, creed or religion, social or economic standing, political opinion or disability;
 - (b) engage in unfair, deceptive or aggressive practices which may include threats, intimidation, being violent towards, abusing, or humiliating a consumer;
 - (c) offer, accept or ask for bribes, gift or an inducement;
 - (d) take undue advantage of a consumer whether or not he or she is able to fully understand the character or nature of a proposed transaction;
 - (e) include an unconscionable term in an agreement;
 - (f) exert undue influence or duress on a consumer to enter into a transaction;
 - (g) disguise, diminish, obscure or conceal a material fact or warning through, among others, use of print whose font size is less than 10 point, describing the material fact or warning in complex language, use of voluminous documents or omitting a material fact or warning; or
 - (h) mislead the consumer.

(3) For the purposes of subregulation (2) (c), “gift” does not include promotional items or material offered to a consumer.

(4) A licensee who fails to comply with subregulation (2) shall be liable to pay a civil penalty not exceeding two hundred and fifty currency points.

8. Unfair sales practices

(1) A licensee shall not engage in unfair sales practice in the course of conducting the licensed activities.

(2) A licensee shall—

(a) put in place a formal sales policy and procedures for their products or services;

(b) not mis-sell, misrepresent or apply aggressive practices or discriminate during the sales process;

(c) explain and interpret any exclusion clause, disclaimer or exemptions contained in written sales material;

(d) not require a consumer who buys one product to buy another product from a seller or a specified service provider unless the consumer has been given a choice of at least two service providers; or

(e) disclose conflict of interest to a consumer, particularly when the consumer receives advice from a licensee before entering into a consumer agreement.

(3) For the purpose of subregulation (2) (b), “mis-sell” means a deliberate sale of a payment product or service to the consumer that he or she does not need or use.

9. Suitability of advice

(1) A licensee shall upon request by a consumer give advice on a payment service or product offered under the Act.

(2) The advice referred to in subregulation (1) shall be—

(a) accurate and professional; and

(b) suitable to the circumstances and needs of the consumer.

(3) A licensee who offers advice to a consumer under this regulation shall keep a record of the request and advice given to the consumer.

Consumer education and awareness

10. Consumer awareness

(1) A licensee shall develop and conduct consumer awareness programs tailored to the category of the consumer.

(2) Consumer awareness programs may be conducted through public awareness campaigns and information resources that empower consumers on important aspects including choice of payment channels, payment services and products or self-protection against fraud.

(3) The information for consumer awareness shall be developed in the English language and translated into other languages based on geographical location and needs of the consumer.

11. Monitoring and evaluation

(1) A licensee shall establish mechanisms to monitor and evaluate consumer awareness programs for the purposes of tracking and assessing the effectiveness of the consumer awareness programs.

(2) A licensee shall furnish a bi-annual report to the Central Bank on the consumer awareness programs conducted by the licensee.

(3) The report referred to in subregulation (2) shall be submitted to the Central Bank by the 15th day of July and 15th day of January of every calendar year.

Disclosure and transparency

12. Disclosure of information on products and services

(1) A licensee shall disclose complete and accurate information to its consumer in simple, plain and comprehensible language.

(2) The disclosure referred to in subregulation (1) may be through—

- (a) advertisements;
- (b) direct contact to the consumer;
- (c) sales promotions; or
- (d) any other media of communication.

(3) A disclosure that is in writing shall—

- (a) be legible in a font size of not less than 10 point with a spacing and placement of content that makes communication easy to read for the consumer; and
- (b) contain and highlight key features of the given product or service.

13. Provision of information to a consumer

(1) A licensee shall provide information on a product or service to a consumer before a consumer signs up for any product or service.

(2) The information required to be provided to a consumer in subregulation (1) shall include—

- (a) updated information of a product or service whether in writing, electronically or orally in a fair, clear and transparent manner;

- (b) an explanation in plain language of the key features of the range of products or services that the consumer is interested in including benefits, risks, any charges and fees which would be incurred;
- (c) inquiry or disputes resolution procedure; and
- (d) information needed to verify whether or not the consumer is eligible for a product or service in which the consumer is interested.

(3) Where a consumer has chosen a product or service, a licensee shall, before the consumer acquires the product or service, provide the consumer with a key facts document for the product or service.

(4) The key facts document referred to in subregulation (3) shall include—

- (a) charges;
- (b) fees;
- (c) interest where applicable; and
- (d) statement on whether charges or fees are instant or deferred payment.

(5) The key facts document referred to in subregulation (4) shall be in writing.

14. Fees or charges

(1) A licensee shall disclose the charges or fees to be paid by the consumer.

(2) The disclosure of the charges or fees referred to in subregulation (1) may be contained in—

- (a) a schedule of fees or charges availed to a consumer;

- (b) materials displayed at the licensees' office, social media pages or website; or
- (c) in any other document as the licensee may determine.

(3) A licensee shall not impose fees or charges that were not disclosed to the consumer at the time of signing up for the product or service unless the licensee has given thirty days' notice to the consumer in case of an increment in the fees or charges.

(4) A licensee who contravenes subregulation (3) shall be liable to pay a fine of two hundred and fifty currency points for each day of default to the Central Bank in addition to refunding the consumer any increment imposed.

Responsible business conduct

15. Request for information

Where a consumer requests for information, a licensee shall respond to that request in a clear and timely manner.

16. Regulation of sales promotion materials

(1) A licensee shall not use a sales promotion material that is—

- (a) misleading or contains false or incomplete information;
- (b) against public morality; and
- (c) not clearly written in plain language and in a font size of less than 10 point.

(2) A licensee shall be responsible for the statements made in a sales promotion material.

(3) A licensee shall not use marketing strategy which may harm a consumer by taking advantage of the consumers' condition as result of age, health conditions, level of education or any other condition.

(4) A sales promotion material developed by the licensee shall indicate that the licensee is regulated by the Central Bank.

(5) A licensee who contravenes subregulation (1) shall be liable to pay a fine of two hundred and fifty currency points for each day of default to the Central Bank.

17. Reliability of service channels

(1) A licensee shall ensure that the service channels are available to serve a consumer in accordance with the terms and conditions in the agreement with the licensee.

(2) Subject to subregulation (1) a licensee may temporarily render service channels inaccessible where it is—

(a) due to an emergency which is beyond the control of the licensee; or

(b) undergoing servicing and maintenance.

(3) For the purposes of subregulation (2) a licensee shall advise consumers of the unavailability of the service channels and the timelines when the service channels may be restored.

(4) Where the licensee intends to undergo servicing or maintenance of service channels under subregulation (2) (b), a licensee shall give a notice of at least forty-eight hours before temporarily rendering the service channels inaccessible.

(5) A licensee who contravenes subregulation (1) and (4) shall be liable to pay a fine of two hundred and fifty currency points for each day of default to the Central Bank.

Protection of consumers asset

18. Protection of consumer assets

(1) A licensee shall—

- (a) be liable for the loss or misuse of the assets of the consumer and make good the loss suffered unless the loss is as a result of the consumer's negligence;
- (b) take disciplinary action against employees responsible for the loss or misuse of assets of a consumer; and
- (c) require consumers to update their records as and when the need arises.

(2) For the purposes of this regulation, a licensee shall—

- (a) display measures to safeguard consumer assets at its offices, websites and any other communication channel;
- (b) provide the consumer with a twenty-four-hour communication channel to enable consumers to report a loss or misuse of the consumer asset; and
- (c) report to the Central Bank a loss or misuse of the consumer assets when requested by the Central Bank.

(3) For the purposes of this regulation “asset” includes electronic value, data or any other item acquired by the consumer from the licensee.

19. Protection of consumer information

(1) A licensee shall collect, process, store and protect the information or data of a consumer in accordance with the Data Protection and Privacy Act, 2019 in case of a natural person.

(2) A licensee shall put in place security and control measures to protect the information or data of a consumer who is a body corporate.

20. Continuous training and competence

(1) A licensee shall—

- (a) develop training programs;

- (b) assess the training needs of its staff and agents at appropriate intervals;
- (c) provide continuous training relevant to their duties;
- (d) employ competent staff to carry out their duties;
- (e) review the competence of its staff and take steps to ensure that the staff remain competent in respect to their duties; and
- (f) arrange for its staff to be appropriately supervised.

(2) For the purposes of subregulation (1), a licensee shall take into consideration—

- (a) technical knowledge and its application;
- (b) skills and expertise; and
- (c) changes in the market, products, legislation and regulation.

PART IV—COMPLAINTS HANDLING AND REDRESS MECHANISM

21. Right to seek for clarification

(1) A consumer that has an issue or an inquiry arising from the conduct of business of the licensee may request the licensee for clarification on the subject matter.

(2) The licensee shall immediately acknowledge in writing receipt of an inquiry or request under subregulation (1).

(3) The licensee shall handle the request and give clarification or decision in writing within the time specified in the Schedule to these Regulations.

22. Right to lodge complaint

(1) A consumer who is aggrieved or dissatisfied with the clarification or decision of the licensee made under regulation 21 may lodge a complaint with the Central Bank.

- (2) The complaint referred to in subregulation (1) shall be—
 - (a) made within thirty days from the date of the decision;
 - (b) in writing; and
 - (c) accompanied by the relevant evidence or documents.

(3) Notwithstanding subregulation (2)(a) the Central Bank may on reasonable grounds extend the time specified in subregulation (2)(a).

(4) The Central Bank shall consider and determine the complaint lodged under this regulation within twenty-one working days from the date of lodging the complaint.

23. Mechanism for handling consumer inquiry or request

(1) A licensee shall establish, operate and maintain a mechanism for receiving, processing and resolving consumer inquiries within the time specified in the Schedule to these Regulations.

(2) The mechanism for receiving an inquiry or request under subregulation (1) shall have multiple channels with clear procedures including telephone numbers, help desk, email address or web chats.

(3) The multiple channels referred to in subregulation (2) shall be available on a twenty-four-hour basis.

(4) The mechanism referred to in subregulation (1) shall be free, fair, accessible, timely, transparent, independent and capable of—

- (a) acknowledging receipt of an inquiry and keeping a consumer updated throughout the process; and
- (b) keeping a record of all inquiries or requests.

24. Redress mechanism

(1) A licensee shall develop a redress mechanism for an aggrieved consumer who qualifies for redress upon investigation and conclusion of the inquiry.

(2) A redress mechanism referred to in subregulation (1) shall include—

- (a) compensation procedures;
- (b) rectification procedures; or
- (c) restitution in case of loss of an asset.

25. Conflict of interest

(1) A licensee shall, in handling consumer inquiries, avoid conflict of interest.

(2) An officer of a licensee shall not be involved in processing of an inquiry if he or she is a party to or has interest in the inquiry.

26. Decision of the Central Bank

The Central Bank may upon making determination of a complaint under regulation 22 order a licensee to—

- (a) compensate and refund the affected consumer;
- (b) make correction of erroneous data, information or statement;
- (c) cease or desist from the conduct that is subject of a complaint; or
- (d) do or desist from doing any other thing or action as the Central Bank may deem appropriate.

SCHEDULE

THE REPUBLIC OF UGANDA

Regulation 21 and 23

TIMEFRAME FOR RESOLVING CONSUMER'S INQUIRIES OR REQUESTS

| Nature of the inquiry or request in relation to Product or Service | | Timeframe within which to resolve an inquiry or request from the time of lodging the inquiry or request. |
|--|--|--|
| Payments product or service on - | | |
| (a) | electronic money cash transactions; | 6 hours |
| (b) | electronic money funds transfer; | 6 hours |
| (c) | card or merchants payments; | 6 hours |
| (d) | instant payments other than electronic money financial services; | 6 hours |
| (e) | payments or services involving third parties regulated by other authorities; | 24 hours |

| | | |
|-----|---|----------|
| (f) | cross border payments or services; and | 48 hours |
| (g) | any other complaint or inquiry arising from a licensed activity. | 48 hours |

HON. MATIA KASAIJA (MP)
Minister of Finance, Planning and Economic Development