

**The State Emblem  
Islamic Republic of Iran  
President  
Council of Ministers' Decree**

No. H39393 T/211845  
Date: 17.03.2008

**Ministry of Economic Affairs and Finance-Ministry of Justice  
Ministry of Education-Ministry of Sciences, Research & Technology  
Ministry of Health, Treatment and Medical Education-Ministry of Communications  
& Information Technology-Ministry of Industries & Mines-Ministry of Commerce-  
Ministry of the Interior-Ministry of Roads & Transportation  
Central Bank of the Islamic Republic of Iran-Islamic Republic of Iran Broadcasting**

The Council of Ministers based on proposal put forward by the Ministry of Economic Affairs and Finance and the Central Bank of the Islamic Republic of Iran and by virtue of Part (4) of Section "C" of Article (10) of the Law of the Fourth Five Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran-ratified in 2004, in session dated 12.03.2008 approved the Electronic Banking System Bye-law as follows:

**"Electronic Banking System Bye-law"**

**Article 1-** The following terms have been used in this bye-law

A- Bank: all governmental and non-governmental banks

B- Executive Organizations: Organizations subject to Article 160 of the Law of the Fourth Five Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran and non-governmental public organizations including municipalities and the Social Security Organization

C- Central Bank: The Central Bank of the Islamic Republic of Iran

D- Transaction: An electronic message, which shall be created at the request of a customer in one of bank service portals such as ATM (Automated Teller Machine) and or Point of Sale (POS) and shall be transmitted to electronic network of banks.

E- Mobile Banking: Offering customer not present bank services through mobile phone systems.

F- On Line: Any kind of transaction completion of which requires uninterrupted communication with central computer system for estimation of credit and accuracy of transactions.

G- Off-line: Any kind of transaction completion of which shall be possible with no need to transact with central computer systems for estimation of credit and accuracy of transactions.

H- Electronic Fund Transfer/Point of Sale (EFT/POS): A machine, which by accepting bank cards may cause funds to be transferred electronically from the account of card-holder to the account of seller.

I- Electronic payments (using physical tools): payment is accomplished by means of conducting transactions between a physical recognition tool (such as card) and a physical acceptance tool (such as POS), which takes place electronically and with no reference to the bank branch or unit.

J- Electronic payments (using virtual tools): payment is accomplished by means of conducting transactions between a virtual recognition tool (such as a user name and internet password [PIN=Personal Identification Number] and a virtual payment gateway (such as a webpage), which takes place electronically and with no reference to the bank branch or unit.

K- Centralized accounts: Different types of bank accounts, which have been kept in the central computer systems of a bank and all branches and units connected to the central computer system of bank, can perform common bank operations such as payment and withdrawal with no physical restriction.

L- Automated Teller Machine (ATM): A machine, which by recognition of customers through bank card or similar electronic recognition tools, will perform cashier affairs of the bank branch electronically.

M- Electronic Purse: Money saved on electronic chip, which like banknotes and coins, is valuable on its own and caters for off-line transactions.

N- Service Level Agreement (SLA): Agreements, which are signed between service provider and service receiver and involves instances such as definition, minimum quality standards and service priorities as well as liabilities, guarantees and fines resulting from weak performance of service assignor.

**Article 2-** Determination of strategies and steering of substructures of the comprehensive payment system and electronic banking shall be the responsibility of the Central Bank. Banks and executive organizations of the country in projects, which in any form involve electronic receipts and payments and of inter-bank funds, shall be required to act in compliance with standards and instructions drawn up by this bank.

**Article 3-** For the purpose of electronic banking development the Central Bank and the Ministry of Economic Affairs and Finance with cooperation of executive organizations specially. The Ministry of Communications and Information Technology shall be required to provide the required grounds for making substructures of electronic banking development programmes such as telecommunication and communication affairs in banks.

**Article 4-** The Central Bank with co-operation of the Ministry of Communications and Information Technology shall be required to provide the required preparations for supplying electronic banking security. Responsibility of establishment of electronic banking security according to international standards shall be the responsibility of the Central Bank. This matter does not negate the banks' responsibility with respect to establishment of security of electronic banking and the resulting consequences shall be the responsibility of the banks.

**Article 5-** In order to encourage the use of electronic banking services, the Central Bank is required simultaneous with the circulation of this bye-law, to take action for gradual decrease of share of SHETAB clearing commission from commission of electronic banking services.

**Article 6-** All banks of the country are required to make possible on-line payment and withdrawal of funds for all their accounts on demand, until the end of 1387 (19.03.2009). Furthermore, banks are required to make possibility of on-line payments for settlement of installments of facilities received, to the bank network by the customers within 6 months after conveying this bye-law.

**Article 7-** Banks have a duty to activate at least one terminal for card-absent payments apart from ATM and POS such as telephone-bank, mobile banking and internet banking

by taking security issues into consideration so that they could have the capability of electronic transfer of funds between its own accounts and electronic payment, within 6 months after this bye-law has been communicated.

**Article 8-** Within 6 months after the communication of this bye-law, banks are required to provide the required facilities for acceptability and the conduct of transactions for all of their cards in all card-absent payment portals (such as the internet) of the other banks approved by the Central Bank.

**Article 9-** Within 6 months after communication of this bye-law, all the country's banks are required to functionalize the possibility of making payment of all bills including bills covering expenses pertaining to consumption of utilities (water, electricity, gas and etc.), duties and fines in all of their ATMs in such a way that they have the capability of acceptance and conduct of transactions of cards of all banks.

**Article 10-** Within one month after this bye-law has been advised, the Central Bank is required to communicate instructions for the issuance and operation of general credit cards which lack the capability of cash withdrawal and usable in inter-bank form, to the country's bank network.

**Article 11-** As a minimum, banks in the country are required to preserve the ratio of credits cards to the total population, as set out in the following table:

Time period	Credit cards to the whole population
End of 1387 (19.03.2009)	3%
End of 1388 (20.03.2010)	13%
End of 1389 (20.03.2011)	20%

**Article 12-** The Central Bank is required to create a Data Center relating to the data of bank customers' transactions and operational data of all banks' terminals from the beginning of 1387 (21.03.2008). All banks of the country are required to provide preparations so that the aforesaid data could be sent to data center regularly in the framework of instructions of the Central Bank, from creation of the said data center.

**Article 13-** All banks of the country are required to create and operate their round-the-clock Help Desk (24 hours-seven days of a week) for replying to problems of the customers. The said help desk should be able to solve the problems of customers swiftly in a practical manner.

**Article 14-** For the purpose of generalization of use of electronic banking services, banks are required to make information concerning public use of electronic banking services through the media as well as their branches.

**Article 15-** For the purpose of offering round-the-clock and uninterrupted electronic bank services to the public, the Ministry of Communications and Information Technology is required to provide proper telecommunications substructure and ground work in compliance with Service Level Agreement (SLA) laid down by the Central Bank for all branches, ATMs, counters and the other terminals required for bank activities, within one year after this bye-law has been communicated. Furthermore, besides developing the existing networks, to take steps for creating and employing supporting networks and offering communication services and for the purpose of developing the security required for bank systems, to take action for commissioning national satellite

and national internet systems, maximum within one year after this bye-law has been communicated.

**Article 16-** For the purpose of drawing public confidence for use of electronic banking services and prevention of loss arising from the use of electronic banking services, the Ministry of Economic Affairs and Finance is required to take the necessary actions for funding required by governmental banks for compensation of their risk taking costs (unauthorized access to the information of customers' accounts) up to 1% of information technology budget of each bank.

**N.B.** Central Bank should prepare and communicate instructions relating to this Article within 3 months from the date this bye-law has been publicized.

**Article 17-** The Islamic Republic of Iran Broadcasting is required to emphasize the use of electronic banking (specially, electronic payments) as a behavioral pattern, in its programmes. The said organization for the purpose of the public's familiarity with the new possibilities provided by bank network, is required to consider special cultural facilities for commercials with educational content related to subject of electronic banking (specially, electronic payments).

**N.B.** The aforesaid commercials should not exceed twenty percent of the commercials of each bank per annum.

**Article 18-** Subsequent to the communication of this bye-law, the Ministry of Education, the Ministry of Sciences, Research and Technology and the Ministry of Health, Treatment and Medical Education are required to include suitable educational material concerning concepts and applications of electronic banking and payments in their educational programmes in 2008-2009 by use of educational packages for electronic banking compiled by the Central Bank.

**Article 19-** The Ministry of Economic Affairs and Finance, the Ministry of Commerce and the Ministry of Communications and Information Technology with co-ordination of all guilds, are required to provide the required preparations concerning acceptance of the issued cards of bank network of the country through card present and card not present terminals so that the affiliated guilds could be able to receive the amount of goods and services through cards and offer their services to the card-holders without discrimination, until the end of 1387 (19.03.2009). Guilds are required to accept bank cards as payment tools for purchase price of goods and services from the beginning of 1388 (21.03.2009) without receiving extra amounts from the card-holders. The Ministry of Commerce with co-ordination of Central Bank will supervise the proper performance of this Article.

**Article 20-** All executive organizations, which receive sums of money from the customers in lieu of their services or legal powers, shall be required to take action for making possible customer present and customer not present electronic payments for the aforesaid instances through the country's banking network. The relevant organization will consider the required budget in its annual budget, if necessary.

**Article 21-** All executive organizations are required to offer equivalent of non-cash assistances to the employees through bank cards with no capability of cash withdrawal and usable through POS and internet payment terminals, from the beginning of 1387 (21.03.2008).

**Article 22-** All executive organizations, specifically the Ministry of the Interior, the Ministry of Commerce and the Ministry of Roads and Transportation are required to take the required actions with respect to establishing and steering systems for acceptance of electronic purse, in places where swift payment of money is required, such as intercity

and intra-city transportation systems (taxi, bus, underground and etc.), toll receiving centers and the likes, with co-ordination of the Central Bank and with co-operation of the country's bank network, within 6 months after this bye-law has been communicated. Cards containing electronic purse should be issued by the country's bank network and must be capable of swift and off-line conduct of transactions in all authorized terminals of the country. The country's bank network is also required to cater for the needs of agencies the subject matter of this Article, to provide services relating to acceptance and issuance of the said cards.

**Article 23-** For the purpose of providing more complete security features in electronic banking operations and possibility of offering more services to the holders of bank cards, the banks are required to announce schedule for issuance and substitution of dual-purpose cards (smart and magnetic) to the Central Bank in accordance with specifications and standards laid down by the Central Bank for the customers, within 3 months after this bye-law has been communicated, so that these cards could replace all the previous cards and could offer the entirety of services of the other bank cards.

**Article 24-** For the purpose of keeping up-to-date and making transparent the government accounts (sources, applications, expenses, revenue) the Ministry of Economic Affairs and Finance (The State Treasury General) is required to take action for conversion of all state accounts to centralized and on-line accounts throughout the country and make possible electronic collection of all amounts paid into the aforesaid accounts with bank, maximum within six months after communication of this bye-law.

**Article 25-** In implementation of N.B. (4) of section "T" of Article 33 of the Law of the Fourth Five Year Economic, Social and Cultural Development Plan of the Islamic Republic of Iran, for the purpose of swift resolution the possible problems of the users of electronic banking services all over the country the Ministry of Justice is required to present the required mechanisms for commissioning special courts for electronic banking to the Judiciary Power.

**Article 26-** In order to protect local industries, the Ministry of Industries and Mines is required to plan so that manufacture of electronic payment equipment (POS, ATM, kiosks for offering of services and mobile banking) necessary for a comprehensive programme for the development of electronic banking with suitable quality is made possible in the country.

**Article 27-** The responsibility to supervise the proper performance of this bye-law shall rest with the Central Bank and provisions thereof shall not negate the duties and powers of that bank concerning development and desirable implementation of electronic banking. The Central Bank will present the progress report of this bye-law together with manner of co-operation of executive organizations to the Council of Ministers, once a quarter.

Singed

Parviz Davoodi

First Vice- President

cc: The Supreme Leader's Office, The Presidential Office, The Office of the Head of the Judiciary Power, First Vice-President's Office, Deputy President for Executive Affairs' Office, Deputy President's Office for Legal and Parliamentary Affairs, The President's Deputy of Strategic Planning and Control, Office of President of the Expediency Discernment Council of the system, Supreme Audit Court, Institute of Administrative Justice, Directorate General of Laws of the Islamic Consultative Assembly, General Inspection Organization, General Legal Department, State General Department of Laws and Regulations, all ministries, governmental organizations and institutions, agencies of the Islamic Revolution, offices of all provincial governors' offices, the Official Journal of the Islamic Republic of Iran, the Secretariat of the Government's Information Council and the Cabinet's Office.