



LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

The President

No: 292/PSD

Vientiane Capital, date 15 December 2017

**THE PRESIDENTIAL DECREE OF
LAO PEOPLE'S DEMOCRATIC REPUBLIC
ON THE PROMULGATION OF THE LAW ON PAYMENT SYSTEM**

- Pursuance to the Constitution of Lao People's Democratic Republic (Amended 2015), Part VI, Article 67.1;
- Pursuance to the Resolution of the National Assembly, Ref. N 064/NA, dated 07 November 2017, regarding the adoption of the Law on Payment System;
- Pursuance to the Proposal of the National Assembly Standing Committee, Ref. N. 028/NASC, dated 04 December 2017.

THE PRESIDENT OF LAO PEOPLE'S DEMOCRATIC REPUBLIC ISSUES THE PRESIDENTIAL DECREE AS FOLLOWS:

Article 1: To promulgate the Law on Payment System.

Article 2: This Presidential Decree enters into force from the date of signature.

The President of Lao PDR

Stamped and signed

Bounhang Volachith



LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No: 064/NA

Vientiane Capital, date 07 November 2017

**RESOLUTION OF
THE NATIONAL ASSEMBLY SESSION
ON THE ADOPTION OF THE LAW ON PAYMENT SYSTEM**

- Pursuance to the Constitution of Lao People's Democratic Republic (Amended 2015), Article 53.1 and the Law on National Assembly (Amended 2015), Article 11.1.

After the 4th Ordinary Session of the Eighth Legislatures of National Assembly reviewed extensively and intensively throughout the content of the Law on Payment System on the 07 November 2017.

THE NATIONAL ASSEMBLY SESSION AGREES AS FOLLOWS:

Article 1: To adopt the Law on Payment System with majority of votes.

Article 2: This Resolution enters into force from the date of signature.

The President of National Assembly

Stamped and signed

Pany Yathotu



LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

No: 32/NA

Vientiane Capital, date 07 November 2017

LAW ON PAYMENT SYSTEM

Part I

General Provisions

Article 1. Objective

This Law on payment system defines principles, regulations and measures on the management and monitor [oversight] of payment system activities in order to make those works to be more convenient, swift, safe, transparent, modernized and effective; aiming at stabilizing the financial and monetary situation, ensuring the promotion of trade, services, investment, [and] access to financial services and enabling the integration with the region and international as well as making a contribution to the national social-economic development.

Article 2. Payment System

The payment system is the whole transaction of payment services, comprising the orders of payment, transfer of, sending and receiving money between sender and receiver by using the payment instruments or payment mechanism of the payment system operators and payment service providers.

Article 3. Definitions

Terms used in this Law shall have the following meanings:

1. **Debit Card** means the Card issued to individual or entity who has deposited their money in the commercial banks or micro-finance institutions;
2. **Credit Card** means the Card issued to individual or entity who enters the a loan with threshold from the commercial bank;
3. **Quick Response Code – QR Code** means sign [symbol] or code to certify the identity so as to enter the electronic transaction;
4. **Automatic Teller Machine-ATM** means the machine used to deposit-withdraw cash, to check the account balance and automatic transfer of money;
5. **Cash Deposit Machine-CDM** means the machine used to deposit cash automatically;
6. **Point of Sale – POS** means the device used with debit or credit cards for accepting the card in the shops or service points to pay for the goods and services;

7. **Share** means the capital of a firm/company which shareholder is as an owner of such firm/company, [and] is entitled to the rights and benefits subject to the proportion of the shares he/she holds.
8. **Corporate bond or debenture** means the company's loan and the holders of debenture is as creditor who will receive the payment of principles and interests stipulated in the debenture;
9. **Securities Depository Center** means the entity serving the securities deposit and management, [and] clearing securities transaction;
10. **Cheque Clearing House** means the entity serving the cheque collection and delivery; and cheque calculation [clearing];
11. **Bank Identification Number – BIN** means the group of numbers in front of the debit and credit cards;
12. **Deposit [prepaid] Money** means the prepaid money paid to the electronic-money service providers.

Article 4. Government policies on Payment System

The Government supports, encourages, [and] promotes the development of payment system to be strong, modern, convenient, [and] safe with coherent policy, infrastructure development, provision of manpower, budget, equipment [materials] and provision of facilities to the Agency managing the payment system and other relevant agencies as appropriate.

The Government encourages individuals, entities and organizations to participate in developing, managing and utilizing the payment system to reduce the use of cash and limit the use of foreign currencies.

Article 5. Principles of the Payment System Activities

The activities related to the payment system shall follow the main following principles:

1. To comply with the guidance, policy, strategy, law and national socio-economic development;
2. To ensure the centrality and unity of management on implementation throughout the country;
3. To ensure the safe, speedy, clarity and effectiveness;
4. To ensure the equity, fairness, transparency and auditability;
5. To protect the legitimate rights and benefits of the services users.

Article 6. Scope of Application

This Law shall apply to individuals, legal entities and organizations both domestic and international ones participating in the Payment System of Lao PDR in the country and abroad.

Article 7. International Cooperation

The Government promotes and expands the cooperation with foreign countries, both regional and international front with respect to the Payment System activities by exchanging information, lessons, experiences, [and] technologies to develop human resources, [to modernize] the payment system and to be able to integrate into the regional and international payment system.

Part II

Development Strategy on the Payment System

Article 8. Development Strategy on the Payment System

The development strategy on the payment system is to determine the long-term vision for fifteen years; the strategic plan for development of payment system for ten years and the Program, the development Project for five years in consistence with the policy, vision and strategy on the national socio-economic development.

[The development strategy on the payment system is also] To develop the payment system to be modernized and expand the non-cash payment instrument broadly, aiming at reducing the use of cash and limiting the use of foreign currencies, promoting the access to financial services, stabilizing the national monetary condition, complying with the strategy on the financial-monetary system development of Lao PDR, and ensuring the align with other sectors.

Article 9. Content of the Development Strategy on the Payment System

The development strategy on the payment system has the following contents:

1. To summarize [and] compile the development status of the payment system in the past with evaluation on the advantages, disadvantages and lessons learned;
2. To determine the overall direction, targets and main indicators for the development of payment system;
3. To determine the policy and regulations to manage and develop the payment system;
4. To develop each form of payment system and payment instrument to be more expanded and to comply with the strategy on the financial-monetary system development of Lao PDR and to ensure the linkage of payment with regional and international system;
5. To create the protection system for the computer crimes;
6. To strengthen the institution managing the payment system by building capacity for human resource, creating the mechanism and method to manage the payment system to be efficient and effective;
7. To develop the coordination mechanism between line ministries with respect to managing, monitoring and auditing to be effective;
8. To determine the measures, methods and assessment the implementation of the development strategy on the payment system from time to time.

Part III

Payment System

Section 1

Forms of Payment System

Article 10. Form of payment system

The payment system has three forms of settlement as follows:

1. The Real Time Gross Settlement;
2. The Automatic Clearing House;
3. The Securities Settlement System;

Article 11. Real Time Gross Settlement

The real time gross settlement is an electronically transferring system to provide the transfer money services by deducting the money from the [bank] account for each transaction immediately once the payment order is confirmed.

The real time gross settlement has only one system that the Bank of Lao PDR has created, developed and managed in accordance with the regulations of Bank of Lao PDR.

Article 12. Automatic Clearing House

The automatic clearing house is the payment system via the payment instrument by calculating and deducting the money from the bank account for many transactions at the same time per day or deducting money from the account for each transaction immediately such as the payment by cheque, card, securities, [and] electronic means.

Article 13. The Securities Settlement System

The securities settlement system is an electronic payment system to sell and buy securities, mainly the Government's bond, the Bank of Lao PDR's bond, shares and debentures.

Section 2

Payment Instruments

Article 14. Payment Instruments

The payment instruments used in the payment system are as follows:

1. Cash;
2. Cards;
3. Cheque;
4. Fund Transfer;
5. Electronic money.

If it is necessary, the Bank of Lao PDR can determine other payment instruments.

The issuance of card, fund transfer and electronic money shall get approval from the Bank of Lao PDR.

Article 15. Cash

Cash is a payment instrument comprising of banknotes and coins that are used to pay for goods, services and other debts.

The principles and management of the use of cash will be stipulated in separate regulation.

Article 16. Card

Card is another payment instrument comprising of debit and credit cards that are used to pay for goods, services and financial transactions through the device such as POS, withdraw – deposit cash

machine [ATM] or the cash deposit machine and internet subject to determination [requirements] of the payment service provider.

The payment by card can be done through the same network [same banking network] or different banking network of the payment service providers in the country or abroad.

The issuance of card shall have the card number including the bank code that issues such card in accordance with the requirement of Bank of Lao PDR and international principles.

The principles, scope of application, methods and management of card will stipulate in separate regulation.

Article 17. Cheque

Cheque is a payment instrument used in payment of goods, services and other debts.

The cheque comprises of the cheque with the name of receiver, cheque without the name of receiver, cheque paid into an account and travelling cheque.

Individuals, entities and organizations can use the cheque for payment of goods, services and other debts. The one who orders to pay the cheque shall be responsible for the amount written in the cheque to the cheque receiver or the one holding such cheque.

The one who has rights to issue the cheque are Bank of Lao PDR, commercial banks, national treasury and financial institutions receiving deposit, which shall be approved by the Bank of Lao PDR and shall be a member of Cheque Clearing House.

The cheque clearing house has duties to calculate [clear] cheques for its members in order to facilitate [ease] the cheque payment in society.

The content in the cheque, how to use cheque, cheque certification and cheque guarantee, obligations of the cheque issuer and users and the cheque management will be stipulated in separate regulation.

Article 18. Fund Transfer

Fund transfer is a payment instrument which the payer used to transfer the money to receiver via electronic means by the fund transfer ordered by the payer or the fund transfer ordered by the receiver.

The payment by fund transfer can be done through the same or different banking networks of the payment service providers in the country and abroad.

The application, procedures and management of fund transfer will be stipulated in separate regulation.

Article 19. Electronic Money

Electronic money is a payment instrument with amount of money in the magnetic stripe, subscriber identity module – SIM or program which service users put cash or deposit to buy electronic money from the payment service providers in order to use it for payment of goods, services and other debts. The currency of electronic money shall be in Lao Kip only.

The delivery, receipt or cancel of the order to pay for goods and services by using the electronic money shall follow strictly the procedures and methods required by the payment service providers.

The payment service provider of electronic money cannot use the deposited money from the service users to provide credits by itself, through any financial institution or provide the credits to its payment system operator.

The payment system operator and payment service provider of electronic money shall follow the regulation on the risk control with respect to operation and technology in accordance with the regulation of the Bank of Lao PDR.

The issuance of electronic money can be done directly by the payment service provider or through the a representative agent.

Article 20. The effectiveness [validity] of the payment by payment instrument

The payment by cash and non-cash payment instruments as stipulated in the Article 15, 16, 17, 18 and 19 of this Law has equal value and lawful.

The payment by non-cash instruments will be fully effective when the money in the account of the payer is deducted and transferred it into the receiver's account.

Section 3

Payment System, Guarantee and Validation of the Payment

Article 21. Payment System

The payment mechanism is the process of payment as follows:

1. Payment Order;
2. Clearing;
3. Settlement.

Article 22. Payment Order

The payment order is an order to transfer money by document or electronic means such as telephone, computer, POS, cash withdrawal machine [ATM].

Article 23. Clearing

The clearing is to compare and classify the value of transactions between the branch or representative agent of the payment service provider within the same or different network in order to calculate the net balance and then to deduct it from the account.

The clearing of different network shall follow the regulation issued by the payment system operator endorsed by the Bank of Lao PDR.

Article 24. Settlement

The settlement is to deduct money from the payer's account and put that money into the receiver's account.

The settlement has two arrangements as follows:

1. The settlement subject to ordered amount is a real-time deduction of each transaction by the transfer order once the order has been received to pay for each item;
2. The net-balance settlement is the settlement subject to the net balance [of] one time or many times [of transactions] per day after clearing, determined by the payment system operators.

Article 25. Payment Guarantee

The payment system operators can ask the payment service providers to provide assets as collaterals for the deduction from account to prevent the risk of settlement;

The collaterals comprise of deposit money, bonds, debentures, bank guarantee and other securities, determined by the bank of Lao PDR and in accordance with laws.

The collaterals can be obtained back once the completion of deduction of account.

Article 26. Effectiveness [Validity] of Payment

The order via electronic means sent to any payment system, in any case, cannot be suspended, modified, cancelled, withdrawn or opposed.

In case that the payment is wrong or incorrect, the payer can propose to the payment service providers to correct it in accordance with the laws after the completion of payment procedures.

Part IV

Payment System Operators, Payment Service Providers and Service Users

Section 1

Payment System Operators

Article 27. Payment System Operators

The payment system operators is those to deal with the clearing and settlement in any payment system.

The Bank of Lao PDR is the real-time gross settlement system and the selling-buying government's bonds and the bank of Lao PDR's bonds.

The commercial banks or entities approved by the Bank of Lao PDR to be a payment system operator of the automatic clearing house low value system.

The Securities Depository Center is the payment system operators mainly for shares and debentures.

Article 28. Requirement of the Payment System Operator

Those who are willing to establish a legal entity to be a payment system operator shall follow the Law on Investment Promotion and Law on Enterprise.

Those who are willing to be the payment system operator shall have the following requirements:

1. To be a legal entity;
2. To have a stable [secured] financial status and operating capital in accordance with the requirement of the Bank of Lao PDR;
3. To have a technically-economically feasibility study;
4. To have the technically modern and safe system;
5. To have qualified managing director (s) with experience on banking and finance, information technology or other relevant fields and no criminal record as intentionally committed such crime, or financial and banking crimes, money laundering;
6. To have operating system, auditing system and internal controlling system in compliance with regulation of the Bank of Lao PDR;
7. To have an appropriate location;
8. To have staff with knowledge of information technology;
9. To have rule/regulation regarding the use of payment system;
10. To have risk controlling system for error in operation and technical errors, including the protection plan for emergency events;
11. To have other conditions in accordance with the requirement of the Bank of Lao PDR from time to time.

The foreign payment system operator is willing to establish the payment system in Lao PDR shall cooperate with the payment service provider in Lao PDR in accordance with the requirement of the Bank of Lao PDR.

Article 29. Rights and Obligations of the Payment System Operators

The payment system operators have the rights and obligations as follows:

1. To develop rules/regulations regarding their own operation and control the payment system;
2. To control and monitor its payment system;
3. To hire other entities to help the payment system subject to the approval and regulation of the Bank of Lao PDR;
4. To follow the regulation regarding the security of payment in accordance with the requirement of the Bank of Lao PDR;
5. To determine and inform the service fees, conditions [requirements] on the provision of services and disclose information by creating specific manual and advertising for the service users;
6. To keep information related to the transactions;
7. To be responsible and compensate the damage caused by the operator;
8. To follow the accounting regime in compliance with the relevant laws;
9. To settle the conflict related to its payment system;
10. To follow the report regime and provide information [data] to the Bank of Lao PDR;
11. To exercise rights and follow other obligations stipulated in the law.

The payment system operator is willing to connect its network with the foreign payment system operator to provide the cross-border payment services shall follow the requirements of the Bank of Lao PDR.

Section 2

Payment Service Providers

Article 30. Payment Service Providers

The payment service providers are the Bank of Lao PDR, commercial banks or other legal entities approved by the Bank of Lao PDR to provide the payment service directly to the service users, who have their own payment system; otherwise, to connect with other payment systems of the other payment system operator.

The Bank of Lao PDR is only one providing the real time gross settlement system.

The commercial banks, other legal entities including micro-finance institutions, security depository center and securities companies are payment service providers for the automatic clearing house (Ach) for low value transactions or securities transactions.

Article 31. Conditions [Requirement] as Payment Service Provider

Those who are willing to establish as legal entities to provide payment services shall follow the Law on Investment Promotion and Law on Enterprise.

Those who are willing to be payment service providers shall follow the conditions [requirements] stipulated in the Article 28, Paragraph 2 and [shall] have a protection system for the securities obtained from service users or through other payment service providers.

In case the payment service providers would like to issue the new payment system, they shall ask permission [approval] from the Bank of Lao PDR.

The payment service providers who are willing to connect with any foreign payment system operator's payment system to provide the payment instrument serviced in Lao PDR shall follow the requirements of the Bank of Lao PDR.

Article 32. Rights and Obligations of the Payment Service Provider

The payment service providers have rights and obligations as follows:

1. To develop rules/regulations regarding their own operation and payment services;
2. To provide the payment services in accordance with the approved payment instrument;
3. To assign their representatives in providing the payment services in accordance with the requirement of the Bank of Lao PDR;
4. To determine and inform the service fees, conditions [requirements] on the provision of services and disclose information by creating specific manual and advertising for the service users;
5. To keep information related to the transactions;
6. To be responsible and compensate the damage caused by the operator;
7. To follow the accounting regime in compliance with the relevant laws;
8. To settle the conflict related to its payment system;
9. To follow the report regime and provide information [data] to the Bank of Lao PDR;
10. To exercise rights and follow other obligations stipulated in the law.

Section 3

Service Users

Article 33. Service Users

The service users are domestic and foreign individuals, entities and organizations doing transactions through the payment service providers.

The Bank of Lao PDR, Ministry of Finance, commercial banks, securities depository center are the real-time gross settlement service users. The financial institutions or organizations who play the important roles in the financial-monetary sector shall get approval from the Bank of Lao PDR.

The domestic and foreign commercial banks, financial institutions, individuals, legal entities and organizations are the service users of the automatic clearing house (Ach) for low value system.

The domestic and foreign investors as individuals and institutions are the service users of the payment system for securities transactions.

Article 34. Rights and Obligations of the Service Users

The service users have rights and obligations as follows:

1. To obtain necessary information from the payment service providers;
2. To study information regarding the payment instruments, payment mechanism, the payment system operators and the payment service providers;
3. To receive the information regarding the transaction from the payment service providers;
4. To cooperate in the inspection of the Bank of Lao PDR, the payment system operators and the payment service providers;
5. To ask for damages occurred in case of error from the use of payment system;
6. To propose the payment service providers, the payment system operator, the Bank of Lao PDR, the economic dispute settlement office [Economic Arbitration Agency] or the people's court to solve the conflicts;
7. To exercise rights and follow other obligations stipulated in the law.

Article 35. Protection of Service Users

The service users shall receive the services with quality, transparency and equity to the laws from the payment service providers. They can send comments related to the services to the payment service providers or the competent authority and they will receive the protection in accordance with the laws.

Part V

Approval to be as Payment System Operators and Payment Service Providers

Article 36. Application for License

Legal entities who are willing to be [operate as] the payment system operator and/or the payment service providers shall submit the application to the Bank of Lao PDR to ask for the operation of the payment system.

Article 37. Consideration of the License

The Bank of Lao PDR shall consider the application for the operation as the payment system operator and/or the payment service providers within thirty days from the date of receipt of all completely and accurately required documents.

Article 38. Application of License

The payment system operators and/or the payment service providers shall use the license in accordance with the scope of application allowed under the license. It is not allowed to assign, transfer or give the license to other people to use instead.

The license has a valid period, determined by the Bank of Lao PDR from time to time. It can be extended, suspended or withdrawn subject to the violation of Law in case by case.

Part VI

Prohibition

Article 39. The General Prohibition

Individual, legal entities and organizations are prohibited from the following behaviors:

1. To issue any types of payment instrument without approval;
2. To provide any types [forms] of payment services without approval;
3. To claim falsely or advertise deceptively [any information] causing damages for the payment system and service users and society;
4. To commit other acts that violate the laws and regulations.

Article 40. Prohibitions against the Operator

Operators are prohibited from the following behaviors:

1. To disclose transaction information of individuals, legal entities and organizations under their own system without permission [consent];
2. To control / operate the payment system without approval;
3. To hold, delay, conceal and hide the payment information;
4. To distort, forge information or documents about the transaction and payment system;
5. To provide incomplete and inaccurate information; late report or no report;
6. To deny the cooperation in the inspection of the Bank of Lao PDR and other relevant government officers;
7. To make turbulence/interfere the payment system, mainly real time gross settlement system, the automatic clearing house (Ach) for low value system, securities payment system and/or to cause damages to the operation of the payment system;
8. To commit other acts that violate the laws and regulations.

Article 41. Prohibitions against the Payment Service Provider

Payment service providers are prohibited from the following behaviors:

1. To issue the payment instrument without approval;

2. To provide the payment services that exceeds the permitted scope;
3. To provide the payment services not the same as information disclosed or advertised;
4. To disclose confidential information of individuals, entities and organizations to others without permission [consent];
5. To hold, delay, conceal and hide information about payment system;
6. To modify, forge information or document about payment system;
7. To deny the cooperation in the inspection of the Bank of Lao PDR, Operators and the government officers;
8. To provide incomplete and inaccurate information; late report or no report;
9. To make turbulence/interfere the payment system mainly real time gross settlement system, the automatic clearing house (Ach) for low value system, securities payment system and/or to cause damages to the operation of the payment system;
10. To commit other acts that violate the laws and regulations.

Article 42. Prohibitions against the Service Users

The service users are prohibited from the following behaviors:

1. To take for granted/take advantages of the payment system to operate illegally;
2. To make turbulence/interfere the payment system mainly real time gross settlement system, the automatic clearing house (Ach) for low value system, securities payment system and/or to cause damages to the operation of the payment system;
3. To slander to the payment system operators and/or the payment service providers;
4. To deny the cooperation in the inspection of the Bank of Lao PDR, Operators and the government officers;
5. To commit other acts that violate the laws and regulations.

Article 43. Prohibitions against the officers of the organization [agency] managing the payment system

The officers of the organization [agency] managing the payment system are prohibited from the following behaviors:

1. To disclose confidential information related to the operation of the payment system without permission;
2. To take advantage of his/her positions to seek for his/her own benefits or others' benefits;
3. To hold, delay, conceal and hide the payment information;
4. To ask, request, accept bribes or other compensation;
5. To commit other acts that violate the laws and regulations.

Part VII

Dispute Settlement

Article 44. Arrangements of Dispute Settlement

Dispute settlement on the payment system can be exercised by the following arrangements:

1. Amicable resolution;
2. Administrative resolution;
3. Resolution by the Economic Arbitration Agency;
4. Resolution via to the people's court;
5. International Arbitration.

Article 45. Amicable Resolution

In case there is a dispute related to the payment system, the litigants can solve such conflict by consultation to compromise with each other with mutual benefits.

Article 46. Administrative Resolution

In case that there is a dispute related to the payment system regarding the administrative aspects, the litigants have the rights to propose it to the payment system operator, the payment service providers and the Bank of the Lao PDR to resolve such dispute in administrative procedures.

Article 47. Resolution by the Economic Arbitration Agency

In case that there is dispute related to the payment system, the litigants have the rights to propose it to the Economic Arbitration Agency to consider and resolve such dispute.

Article 48. Resolution via the People's Court

In case that there is a dispute related to the payment system, the litigants have the rights to submit the case to People's Court to consider and settle such dispute in accordance with the laws.

Article 30. International Arbitration

In case that there is a dispute related to the payment system regarding the international aspects, the dispute resolution shall be exercised based on the laws of Lao PDR or international agreements or conventions which Lao PDR is a party.

Part VIII

The Management and Inspection of the Payment System

Section 1

The Management of the Payment System

Article 50. The Organization managing the Payment System

The Government is managing the payment system centrally and uniformly throughout the country by assigning the Bank of the Lao PDR to be directly responsible to take the leading roles to cooperate and coordinate with relevant stakeholders.

Article 51. Rights and Obligations of the Bank of Lao PDR

With respect to the payment system work, the Bank of Lao PDR has rights and obligations as follows:

1. To research policies, strategies and laws regarding the payment system to propose them to the Government for consideration;

2. To elaborate policies, strategies and laws regarding the payment system to be the plans, programs, projects and regulations to implement them;
3. To disseminate the laws and regulations regarding the payment system;
4. To issue, extend, suspend and cancel the license on the payment system operator and/or the payment service provider;
5. To permit the payment system operator and the payment service providers to issue the card, fund transfer and electronic money; to order the suspension or withdrawal of the use of inappropriate payment instruments;
6. To determine conditions, operational principles, technical standards related to the payment system, the clearing system and settlement system [debit of account], including the QR standards;
7. To determine the principles of charging service fees of the payment system operator and the payment service providers;
8. To determine the policies, principles and regulations regarding the international payment;
9. To follow up and inspect the payment system operator's and payment service provider's activities;
10. To build, maintain and upgrade the government officers' capacity to manage the payment system work;
11. To coordinate with line ministries both in the country and abroad regarding the determination of guidelines [Direction], planning to implement and inspect activities of the payment system to be effective;
12. To summarize and report the activities of payment system to the Government regularly;
13. To exercise the rights and other duties in accordance with the laws.

Section 2

The Inspection [Audit] of the Payment System

Article 52. The Payment System Inspection [audit] Authority

The payment system inspection [audit] authority comprises of:

1. Internal audit organization as the same as the organization managing the payment system as stipulated in the Article 50 of this Law;
2. External audit Organizations as the National Assembly, the Provincial Level House of People's Representatives, the Government Inspection Authority, the governmental audit organization, the Lao front for national development and mass organizations (Lao Youth, Women Union and Trade Union).

Article 53. The technical inspection [audit]

The Bank of Lao PDR and/or its branches are inspectors of the payment system operators and the payment service providers.

The technical inspection [audit] has the content as follows:

1. The implementation of laws and regulations regarding the controlling [operating] the payment system and/or the provision of payment services;
2. The control, provision of services, the use of payment system and payment instruments;

3. The internal rules/regulations regarding the provision of services, mainly the fees and other charges of the payment system operators and the payment service providers;
4. Location, equipment, machines, the book-keeping system or other documents related to accounting or transactions of the payment system operators and the payment service providers;
5. Contracts with external service suppliers and service providers;
6. To monitor the implementation of the Instructions on the payment system work.

Article 54. Forms of Inspection [Audit]

There are three forms of the inspection [audit] of the payment system as follows:

1. A regular inspection [audit] is an inspection [audit] conducted in accordance with the regular plan with determination of certain time;
2. An advance-noticed inspection [audit] is an unplanned inspection [audit] when it is necessary by informing the payment system operators or the payment service providers in advance;
3. An urgent inspection [audit] is a sudden inspection [audit] without informing the payment system operators or the payment service providers in advance.

Article 55. The inspection [audit] of the International Payment

The Bank of Lao PDR coordinates with relevant foreign competent authorities to conduct the following inspection [audit]:

1. Companies in the group, branches and representative offices of the payment system operators and payment services providers of Lao PDR operating in foreign countries;
2. Foreign companies holding the companies in the group, branches or representative offices operating the payment business in Lao PDR.

Part IX

Policies toward Persons with Outstanding Achievement and Measures against Violators

Article 56. Policies toward Person with Outstanding Achievement

Individuals, entities and organizations that have outstanding achievements in the implementation of this Law will be rewarded and received other policies as provided by regulations.

Article 38. Measures against Violators

Individuals, entities and organizations that violate laws and regulations regarding the payment system, including the prohibitions in this Law shall be subject to being educated, being warned, disciplinary sanction, being fined, suspending a part or the whole business operation, being withdrawn the license of payment system operator and payment service providers, compensating damages based on civil or criminal penalties depending on the case.

Part X

Final Provisions

Article 58. Implementation

The Government of Lao People's Democratic Republic implements this Law.

Article 59. Effectiveness

This Law enters into force from the date of President of Lao PDR promulgating the Presidential Decree and then being published in the Government Gazette fifteen days.

Any regulations, provisions conflicting to this Law are nullified.

President of National Assembly

Stamped and signed

Pany Yathotu