Boulevard de Berlaimont 14 – BE-1000 Brussels
Phone +32 2 221 48 66
Company number: 0203.201.340
RPM (Trade Register) Brussels
www.nbb.be

BanqueNationaleBank DE BELGIQUE VAN BELGIË
Eurosystem

Circular

Brussels, 16 June 2020

Reference: NBB_2020_24

Contact person:
Michiel Van Acoleyen
Phone +32 2 221 39 62
Michiel.VanAcoleyen@nbb.be

Reporting on operational and security risks of payment services to be submitted by payment institutions and electronic money institutions

Scope

Payment institutions governed by Belgian law, registered payment institutions governed by Belgian law providing account information services, limited payment institutions governed by Belgian law, electronic money institutions governed by Belgian law, limited electronic money institutions governed by Belgian law

Summary/Objectives

This Circular establishes how payment institutions and electronic money institutions should comply with the reporting obligation imposed by Article 50, § 2 of the Law of 11 March 2018[1].

1 The Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, Belgian Official Gazette of 26 March 2018 (hereinafter referred to as "the Law of 11 March 2018").

Dear Sir,
Dear Madam,

Through this Circular, the National Bank of Belgium (hereinafter referred to as "the Bank") aims to clarify the reporting obligation imposed by Article 50, § 2 of the Law of 11 March 2018.

Article 50, § 2 of the Law of 11 March 2018 requires institutions to submit a reporting to the supervisory authority consisting of an updated and comprehensive assessment of the operational and security risks relating to the payment services provided by the institution and of the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

With this Circular, the Bank wishes to clarify its expectations regarding the report to be submitted annually by the payment institutions governed by Belgian law, the registered payment institutions governed by Belgian law providing account information services, the limited payment institutions governed by Belgian law, the electronic money institutions governed by Belgian law and the limited electronic money institutions governed by Belgian law.

More specifically, these institutions should submit a detailed and reasoned assessment of the operational and security risks of both the existing payment services and the payment services expected to be offered within the next year. For each risk identified, the assessment should include the following information:

- a description of the risk identified, including the implications for the institution and its customers if the risk were to materialise;
- the inherent risk levels, with an estimation of their probability and their impact on the institution;
- existing mitigating controls for the risk identified, including a description of their effect on the institution's risk level;
- the level of residual risk remaining after the implementation of risk mitigation measures;
- any outstanding actions identified to improve the efficiency of the controls, as well as the planning of their implementation.

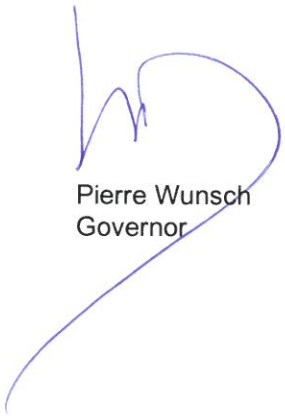
Additionally, institutions should also provide an assessment of their compliance with the EBA Guidelines on ICT and security risk management, which have been implemented through Circular NBB_2020_23. This assessment should include a description of the provisions of these Guidelines which the institution does not comply with, as well as an evaluation of the impact of this non-compliance on the institution's risk level.

Finally, institutions should also specify any developments that have occurred since the previous submission of the report or since the authorisation was granted by the Bank.

This Circular applies from 30 June 2020 and should be complied with from the institutions' next submission of the annual report on operational and security risks to the Bank.

A copy of this Circular will be sent to your institution's accredited statutory auditor(s).

Yours faithfully,



Pierre Wunsch
Governor