

Newsletter:

A New Legislation regarding the Payment Service System (Part 1)

Key Takeaways

A. Legislation

On 30 June 2025, the Lao government published new legislation on the Lao Official Gazette website¹ titled “BOL Decision on the Payment Service System No. 511/BOL, dated 19 June 2025.” This legislation replaces the “Decision on the Management of the Money Transfer Business No. 1058/BOL, dated 5 December 2016,” and takes effect from the date of signing.²

B. Purposes³

The payment service system refers to the provision of payment and/or money transfer services by a payment service provider for settling payments for goods, services, debts, and other obligations through legally recognized payment instruments, channels, and mechanisms.

This legislation sets out the principles and regulations governing the operation of the payment service system, with the aim of ensuring its stability, security, reliability, and efficiency. It is intended to protect the rights and legitimate interests of service users, and to promote the development of the payment system in the Lao People’s Democratic Republic (Lao PDR).

◆ The Types of Payment Service System under the Legislation⁴

- 1) Card Payment;
- 2) Electronic Money;
- 3) Electronic Acceptance;
- 4) Bill Payment;
- 5) Electronic Money Transfer;
- 6) Other types of payment services as prescribed by the Payment Systems Management Department.

C. Requirements⁵

◆ Requirements for Service Providers⁶

The required registered capital required for payment service providers depending on the type of payment service proposed, as follows:

- 1) For payment card services: a minimum of 20,000,000,000 kip;
- 2) For electronic money issuance services: a minimum of 10,000,000,000 kip;
- 3) For merchant acquiring services: a minimum of 1,000,000,000 kip;
- 4) For bill payment services: a minimum of 1,000,000,000 kip;
- 5) For electronic money transfer services: a minimum of 1,000,000,000 kip;

Applicants intending to provide more than one type of payment service must meet the registered capital requirement corresponding to the service with the highest capital threshold. Additional capital contributions are not required for the other service types.

Microfinance institutions, whether accepting deposits or not, must fully contribute registered capital in accordance with the type of payment service for which approval is being sought.

The registered capital must be in cash, deposited with a commercial bank in the Lao PDR, and used in accordance with the regulations issued by the Payment System Management Department.

◆ Conditions for Applying for a Payment Service Provider License⁷

The conditions for applying for a license to operate as a payment service provider are as follows:

Next./page 2....

Author



Tanadee Pantumkomon
Partner
Tanadee.P@ilawasia.com



Vipphanh Syharath
Associate
ilawlaos@ilawasia.com

Contact

ILAW LAOS CO., LTD.
Chanthakoummane Road, Unit 7,
Xiang Nguen Village,
Chanthabuly District,
Vientiane Capital, Lao PDR 0100
Tel: (+85620) 99282244
Email: ilawlaos@ilawasia.com

About us

ILAW LAOS CO., LTD. ("The Firm") is a prominent law firm in Laos, established in January 2021 and registered with the Ministry of Commerce under the enterprise number 01-00024891. The Firm is located at Vientiane, and was founded by Somphob Rodboon, Managing Partner. The Firm is a branch office of its parent company, ILAWASIA CO., LTD., which has been based in Bangkok, Thailand for over a decade.

Our partners and local attorneys were recently recognized and listed in the Asia-Pacific Legal 500 series and recently, the firm recognized as 'Leading Firms (Tier 2)' in the Legal 500 rankings during 2024 to 2025. Moreover, also recognized by AsiaLaw as 'Notable Firms' for the General Business Area during 2023 to 2024.

The firm is specializing in various legal services to meet the needs of both domestic and international clients. Our expertise spans across intellectual property, corporate and commercial law, and labour law.

- 1) At least 10% of the company's total shares must be held by Lao nationals;
- 2) The company must have at least one director who is a Lao national and resides in the Lao PDR;
- 3) Shareholders and executives must not have any outstanding debts within the past year;
- 4) The company must employ a sufficient number of qualified personnel with expertise in finance, banking, information technology, or other relevant fields.

D. Document Mandatory Documents for Filing a License to Operate as a Payment Service Provider⁸

Applicants seeking authorization to operate as a payment service provider must submit the following documents:

- 1) An application form issued by the Payment System Management Department;
- 2) A copy of the enterprise registration certificate;
- 3) A copy of the investment license and/or business license (if applicable);
- 4) A joint venture agreement or company formation agreement (except in the case of a sole proprietorship);
- 5) A resolution of the shareholders' meeting approving the economic-technical analysis, internal regulations, and the appointment of the initial managing director (not required for sole proprietorships);
- 6) An economic-technical analysis report;
- 7) A business plan outlining the proposed payment services and payment channels;
- 8) Internal regulations and organizational structure of the company;
- 9) Documentation confirming the source of funds, including bank statements for the past six (6) months, certified by the financial institution holding the funds;
- 10) A letter of consent authorizing the Bank of the Lao PDR to verify the source of funds;
- 11) A credit report for the past year;
- 12) Curriculum vitae, academic qualifications, employment certificates, and professional experience of the applicant and key management personnel;
- 13) A criminal record certificate and a copy of the national identity card or passport for Lao nationals;
- 14) A criminal record certificate and a copy of the passport (or equivalent identification), certified by the competent authority of the applicant's home country, for foreign nationals;
- 15) Operating manuals and internal regulations related to payment services, payment channels, governance, risk management, and compliance.

E. License Renewal Requirements⁹

A payment service provider license is valid for 5 years and may be renewed. Payment service providers intending to renew their licenses must submit an application to the Payment System Regulatory Authority no later than the license expiration date.

◆ To be eligible for renewal, payment service providers must meet the following requirements:

- 1) Maintain a satisfactory level of financial stability, as determined by the Bank of the Lao PDR for the licensed types of payment services;
- 2) Demonstrate good business performance with no capital losses over the previous 2 years;
- 3) Resolve any outstanding issues identified through inspections and obtain confirmation of such resolution from the relevant authorities within 90 days prior to the license's expiration date;
- 4) Comply with any other conditions prescribed by the Payment System Management Department.

◆ **Remarks:** Replacement of a Payment Service Provider License¹⁰

The Payment System Regulatory Department shall issue a new Payment Service Provider license to replace the existing one in the following circumstances:

- 1) A change in the name of the Payment Service Provider or other information specified in the license;
- 2) When the existing license is defaced, torn, or damaged.

Next./page 3...

About us

ILAW LAOS CO., LTD. ("The Firm") is a prominent law firm in Laos, established in January 2021 and registered with the Ministry of Commerce under the enterprise number 01-00024891. The Firm is located at Vientiane, and was founded by Somphob Rodboon, Managing Partner. The Firm is a branch office of its parent company, ILAWASIA CO., LTD., which has been based in Bangkok, Thailand for over a decade.

Our partners and local attorneys were recently recognized and listed in the Asia-Pacific Legal 500 series and recently, the firm recognized as 'Leading Firms (Tier 2)' in the Legal 500 rankings during 2024 to 2025. Moreover, also recognized by AsiaLaw as 'Notable Firms' for the General Business Area during 2023 to 2024.

The firm is specializing in various legal services to meet the needs of both domestic and international clients. Our expertise spans across intellectual property, corporate and commercial law, and labour law.

F. Timeframe for the Bank of the Lao PDR¹¹

◆ Payment Service Providers

The Payment System Management Department shall review and decide on the issuance of a payment service provider license within thirty 30 days from the date of receipt of complete and accurate documentation.¹² In addition, the applicant must fully meet the following conditions:

- 1) Possess fully paid-up registered capital;
- 2) Employ personnel in accordance with the requirements for obtaining a payment service provider license;
- 3) Operate a modern, secure, and efficient information technology system that is capable of:
 - Providing the requested types of payment services;
 - Connecting with the Bank of the Lao PDR's data and reporting systems; and
 - Storing all transaction data within the Lao PDR.

If the application is refused, the applicant must be notified in writing, along with the reasons for the decision. During the review process, if necessary, the Payment System Management Department reserves the right to request additional documents or information, or to invite relevant parties to provide clarification or further details.

References

- ¹ Retrieved from : <https://www.laoofficialgazette.gov.la/kcfinder/upload/files/%20511.19.6.2025.pdf>
- ² Article 66 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ³ Article 1 and 2 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁴ Article 5 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁵ Article 13 and 14 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁶ Article 18 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁷ Article 13 of BOL's Decision on the Payment Service System No.511/BOL dated 19 June 2025.
- ⁸ Article 14 of BOL's Decision on the Payment Service System No.511/BOL dated 19 June 2025.
- ⁹ Article 16 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹⁰ Ibid.
- ¹¹ Article 15 - BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹² Ibid.

Remark: Please note that this document is for informational purposes only and does not constitute legal advice. Prospective founders are encouraged to consult with a qualified attorney for personalized legal guidance.