

Newsletter:

A New Legislation regarding the Payment Service System (Part 2 : Cross-Border Payment Service Providers)

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

This legislation covers both domestic and cross-border payment service providers.

◆ Types of Cross-Border Payment Service Providers:⁴

- 1) Providing payment card services under an international card network;
- 2) Providing services for accepting payments through foreign payment instruments;
- 3) Providing cross-border money transfer services;
- 4) Providing other types of cross-border payment services as prescribed by the Payment Systems Management Department.

C. Requirements for Cross-Border Payment Service Providers⁵

◆ Registered Capital for Cross-Border Payment Service Providers⁶

The required registered capital for cross-border payment services providers varies depending on the type of service proposed, as follows:

- 1) For payment card issuance services under an international card network: a minimum of 20,000,000,000 kip;
- 2) For payment services involving any type of foreign payment instrument: a minimum of 1,000,000,000 kip;
- 3) For cross-border electronic money transfer services: a minimum of 1,000,000,000 kip.

Applicants intending to provide more than one type of cross-border payment service must deposit registered capital based on the highest capital requirement among the proposed services, without the need to deposit additional capital for other service types.

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

◆ Conditions for Applying for a Cross-Border Payment Service Provider License⁷

Entities intending to provide cross-border payment services must obtain authorization from the Payment System Management Department. Legal entities not currently licensed as payment service providers in the Lao PDR may apply to provide cross-border payment services, specifically for receiving payments from abroad.⁸ However, such entities must first obtain a payment service provider license in the Lao PDR in accordance with the procedures and requirements set forth in Part II, Chapter 2 of this Regulation.

Licensed payment service providers in the Lao PDR may apply to offer all three types of cross-border payment services.⁹ However, where the application involves providing payment services abroad or offering both outbound and inbound international payment services, the applicant must meet the following conditions:

- 1) Have provided domestic payment services in the Lao PDR for a minimum of three consecutive years;
- 2) Comply with financial stability ratios prescribed by the Bank of the Lao PDR;
- 3) Maintain sufficient foreign currency capital;

Next./page 2....

Author



Tanadee Pantumkomon
Partner
Tanadee.P@ilawasia.com



Vipphanh Syharath
Associate
ilawlaos@ilawasia.com

Contact

ILAW LAOS CO., LTD.
Chanthakoummene 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.

- 4) Obtain approval or certification from relevant foreign authorities for cross-border payment system connectivity and ensure that transaction data is stored within the Lao PDR;
- 5) Resolve any outstanding compliance issues identified through inspections and obtain confirmation of resolution from the relevant authorities within 90 days prior to the application date;
- 6) Submit a comprehensive business plan, including clear accounting and fee deduction mechanisms;
- 7) Maintain sound internal control and risk management systems;
- 8) Fulfill any other conditions as determined by the Payment System Management Department.

D. Mandatory Documents for Cross-Border Payment Service Providers¹⁰

The required supporting documents for cross-border payment service providers are as follows:

- 1) An application form issued by the Payment System Management Department;
- 2) A copy of the agreement and/or memorandum of understanding, or other relevant documents concerning cooperation with a general payment system regulator or a foreign cross-border payment service provider;
- 3) Detailed documentation regarding the provision of cross-border payment services, which must align with the type, format, and connectivity of cross-border payment systems;
- 4) A report on the applicant's payment service performance over the past three years (applicable to those seeking permission to provide outbound or international cross-border payment services);
- 5) Documentation describing the mechanism for linking payment and cross-border debit data;
- 6) Any other documents as required by the Payment System Management Department.

E. License Renewal Requirements¹¹

A payment service provider license is valid for 5 years and may be renewed. Payment service providers intending to renew their license 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 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 License¹²

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.

F. Timeframe for the Bank of the Lao PDR¹³

◆ Cross-Border Payment Service Providers¹⁴

The Payment System Regulatory Department shall issue a notification regarding the application for cross-border payment services within 30 days from the date of receipt of complete and accurate documentation.¹⁵ The applicant must also fully comply with the following conditions:

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.

- 1) Have fully paid-up registered capital (excluding commercial banks);
- 2) Employ adequate personnel appropriate to the type of cross-border payment service for which permission is being sought;
- 3) Utilize a modern, secure, and efficient information technology system capable of delivering the requested payment service format, connecting to the Bank of the Lao PDR's data and reporting systems, and storing transaction data within the Lao PDR.

In the event of a rejection, the applicant must be informed in writing, along with the reasons for the decision. During the review process, the Payment System Management Department reserves the right to request additional documents and information, or to summon relevant parties for clarification.

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 29 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 28 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁷ Article 35 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁸ Article 33, Clause 1 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ⁹ Article 33 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹⁰ Article 36 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹¹ Article 16 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹² Ibid.
- ¹³ Article 15 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹⁴ Article 35 and 37 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.
- ¹⁵ Article 36 of BOL's Decision on the Payment Service System No.511/BOL, dated 19 June 2025.

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.