



GUIDELINES FOR ACCREDITATION OF CHEQUE PRINTING/ENCODING COMPANIES

May 2012

GUIDELINES ON ACCREDITATION OF CHEQUE PRINTING AND ENCODING COMPANIES

Pursuant to the Law n° 55/2007 of 30/11/2007 governing Central Bank of Rwanda, especially in its article 6;

Pursuant to the law n° 007/2008 of 08/04/2008 concerning organization of banking especially in its article 9, 2; Pursuant to the law n° special

CHAPTER ONE: GENERAL PROVISIONS

Article one: Purpose

These guidelines set forth the rules governing accreditation of cheques printing and/or encoding companies.

Article 2: Definitions

In these Guidelines, unless the context otherwise requires, the following words and expressions shall mean:

1. **Base stock:** minimum inventory level necessary to maintain effective and continuous operations.
2. **CBS1:** the clearing bank specification relating to paper used for printing cheques and debit vouchers;
3. **CCTV:** (Closed-Circuit Television): a TV system in which signals are not publicly distributed but are monitored, primarily for surveillance and security purposes.
- 4, **Central Bank:** National Bank of Rwanda
5. **MICR: Magnetic Ink Character Recognition:** Magnetic Ink Character Recognition. This technology uses magnetically chargeable ink or toner to print the numbers and special characters on the bottom of checks or other financial transaction documents.

CMG

6. RIPPS (Rwanda Integrated Payment Processing System): a hybrid Payment System operated by the National Bank of Rwanda comprising the Real Time Gross Settlement system and the Automated Clearing House.

CHAPTER II: ACCREDITATION PROCESS

Article 3: Eligibility and Application for accreditation

A business entity engaged in cheque printing and/ or encoding, whether located within or outside the Republic of Rwanda, may apply for accreditation in accordance with these guidelines on accreditation.

In order to obtain an accreditation, the applicant shall fill and provide to the Central Bank a prescribed application form specified under schedule 1 accompanied with the proof of payment of application fees specified under article 5 of these guidelines.

The inspectors from Central Bank shall carry out a physical inspection on site of the applicant to verify whether they fulfill the technical and security requirements as specified in these guidelines after payment of inspection fees by the applicant.

The accreditation process shall apply to both local and foreign-based printers.

The Central Bank may recognize the accreditation granted by foreign authorities to foreign-based printers in the country of print on case to case basis and waive the requirement of carrying out a physical inspection.

Accreditation shall be renewed annually upon payment of annual Subscription Fees as specified under Schedule 2.

Article 4: Accreditation criteria

Accreditation shall only be granted where a company scores 75% and above.

Article 5: Fees

The non-refundable and payable fees by accredited printing/encoding companies are as follows:

- 1) Annual subscription fee payable on 31st of January: Rwf 2,000,000
- 2) Cost of pre-accreditation inspection:

CMG

- a) Local inspection: Rwf 2,000,000
- b) International inspection: Rwf 5,000,000

The fees shall be paid to the account specified by the Central Bank.

Article 6: Inspection

The Central Bank will constitute an Inspection Team consisting of a minimum of 3 members to scrutinize the application form and carry out physical inspection.

Each inspection shall be carried out in accordance with/based on the approved questionnaire and marking mechanism determined by the Central Bank.

The date of inspection will be communicated to the company within 15 days before inspection be conducted.

The Inspectors shall cross-examine key topics including security, ownership, management, financial standing, materials and equipment, quality assurance, dispatch and delivery with the management of the applicant.

Article 7: The Accreditation Decision

The Central Bank shall satisfy itself based on the financial data submitted and by making suitable enquiries that it may deem fit, about the financial stability and soundness of printing/encoding company in addition to technical capacity as evident from the physical inspection.

The final decision to grant / continue accreditation should be taken based on both the financial stability and soundness and technical capacity of the printing/encoding company.

The decision of granting accreditation or denying accreditation shall be communicated in writing to the printer/encoder within 30 days from the date of inspection.

Article 8: List of Accredited Printing/Encoding Companies

The Central Bank shall maintain, update and publish on an ongoing and regular basis the list of accredited printers and encoders of cheques and shall avail a copy to Rwanda Bankers Association, banks participants in RIPPS (Rwanda integrated Payment Processing System), the accredited printers and/or encoders and other stakeholders.

CKG

Article 9: Frequency of Assessments

Accredited Printing/ Encoding companies shall be re-assessed at least once a year and anytime if need arises.

Article 10: Notification of Changes

Any change in the location, ownership or printing process by the Accredited Printing/Encoding companies should be advised to the Central Bank at least 90 days before the change becomes effective.

Article 11: Revocation of Accreditation

Accreditation of a printing/ encoding company may be revoked in case of any of the following circumstances:

- a. the printing/encoding company has ceased providing the service for a period of more than one month;
- b. the printing/encoding company has obtained the accreditation of the Central Bank through incorrect statements or any other irregular means;
- c. where the printing/encoding company breaches one of the conditions and requirements prescribed under these guidelines.
- d. in case the operations of printing/encoding company endanger the stability of the financial system of Rwanda;
- e. where the printing/encoding company fails to pay the prescribed fees.
- f. where the Central Bank notices that the quality of cheques produced violates any of the standards set out in the Rwanda MICR Cheque Standards document;
- g. the printing/encoding company or a subsidiary of the printing/encoding company is insolvent without possibility of recovery;
- h. The foreign the printing/encoding company is undergoing liquidation in its country of origin.
- i. If in the opinion of the Central Bank, the service is no longer in the public interest or the service no longer represents the interest of the participants.

Any decision to revoke the accreditation shall be communicated to the applicant in writing, giving thirty (30) days notice of the intention to do so.

CNG

The Central Bank shall, immediately after its decision on the revocation of Accreditation, notify its decision to the printing/encoding company.

The Central Bank shall, immediately after the revocation of Accreditation, publish a public notice in such manner as it deems appropriate.

CHAPTER III: SECURITY

Article 12: External Security

The following is required to ensure external security:

1. The external perimeter must be fenced in a manner that will prevent unauthorized/easy access to the property. Entrance and exit gates must be guarded 24 hours per day at least by one guard. Gate security must keep records of all vehicles and pedestrians entering the premises and all incidents must be recorded in an occurrence book kept in the security room.
2. All entrances and/or exits in use must be covered by 24-hour CCTV surveillance and the recordings must be kept for at least three months. Records should be stored in a secure area.
3. Should other business on the same property be conducted, these must have separate entry and exit areas.
4. Floodlights must be strategically positioned in order to light the perimeter during the night and in addition, security patrols must be undertaken at regular intervals.
5. Guards must be rotated on a regular basis to enhance their effectiveness.
6. Vehicles and pedestrians must be screened at the entry and exit points.

The premises must not be below flood level and should not be situated at an isolated. Furthermore, place and the signage should not explicitly mention about cheque printing/encoding process being carried on the premises.

Article 13: Entrances/Exits

All entrances or exits to the building must have access control.

The delivery/dispatch bays must be equipped with a dual door system allowing for only one of the two doors to be opened at a time.

CKG

All exits/entrances must have 24-hour CCTV surveillance coverage. Recordings must be clear and legible and must be kept for at least three months in a secure environment. A register of all recordings must be kept.

There must be a reception area where visitors can be logged in and out and be issued with distinctive badges.

All visitors must be screened at the point of entry and exit to the production / storage / delivery areas. A representative of the printer and/or encoder must always accompany visitors.

Staff members must not be allowed into the security production areas of the building with bags, lunch boxes, cell phones, etc.

Random screening of staff must be conducted and the company must have a written procedure in place covering the screening of staff members.

Article 14: Internal security

The Administration office staff must, if applicable, have no access to any of the security printing and/encoding operations. Visitors to the Administration office must be logged in, issued with visitors badges, and accompanied at all times.

The production department is regarded as highly sensitive and access must be strictly controlled. Only staff members working in this area may be allowed access and a register of visitors must be kept. Only in exceptional conditions will visitors be allowed.

Article 15: Security Paper Store

The CBS1 paper shall be stored in a secure room with ideally only one entrance and no windows. If applicable, all windows must be bolted and barred, all entrances except the one in use must be closed off permanently.

The entrance of the security paper store shall be fitted with 24 hour CCTV surveillance coverage and the recordings must be kept for at least three months.

Access to this room must be controlled and only authorized staff must have access.

The entrance door shall be fitted with two different locks to enable dual control. A different key shall be issued to each authorized staff, which is his/her, responsibility 24 hours of the

CKG

day. When working shift the keys must be signed over in a register to two other authorized senior staff members.

Article 16: Ink Storage

Security inks, ribbons and/or cartridges shall be stored in and under the same conditions as the security paper.

Article 17: Base Stock

Base stock must be stored under the same conditions stated in Article16.

Base stock must not be sold to any other party. Base stock records must be accounted for and the base stock securely wrapped/packed in quantities acceptable to the printer. The base stock must be marked with a description of its content.

Records of the base stock must reflect the following:

- a. Stock level for each design;
- b. Quantities required for a specific job;
- c. Quantities issued for a specific job;
- d. Quantities returned after job completion;
- e. Quantities of stock destroyed;
- f. The signature of the responsible persons;
- g. Reconciliation figures.

Article 18: Alarms

The alarm system shall be connected to a security company and shall cover all areas in the building including the roof.

The effectiveness of the alarm system shall be checked at least once a month and records of these checks must be kept for at least one year in the security incident register.

Article 19: Fire Exits and Emergency drills

All fire exits shall be connected to an alarm system and activated 24 hours a day. These doors may also, as an extra precaution, be fitted with a tamper proof device.

CKG

The evacuation exercise shall be conducted, as these exercises expose the printing/encoding company to a very high risk as doors are opened for personnel to move to a designated assembly point.

For the purposes of the article 20, paragraph 2, procedures shall be documented and put in place to prevent any losses. Particulars of these exercises must be recorded and retained for at least one year period.

Article 20: Personnel

Employment shall be considered after a credit integrity check and a security clearance have been done.

All personnel shall undertake in writing to undergo a polygraph test as and when required.

Access rights of individuals shall be reviewed periodically. Records of these revisions shall be kept for a period of at least one year.

Access to the customer information shall be restricted only to authorized personnel and procedures shall be documented

Article 21: Quality requirements

The accredited printing and/or encoding companies shall always comply with the MICR Cheque Standards in force as published by the Central Bank for the purposes of the quality of its products. For the purposes of the article 22, the Rwanda MICR Cheque Standards appended under schedule 3 shall constitute integral part of these guidelines. The printing and/or encoding companies shall have at least the following equipment for quality control purposes:

- a. gauge to check the dimensions, the position of characters, skewness, alignment and position of fields
- b. A MICR qualifier
- c. An Image Qualifier
- d. A UV light.
- e. Chemicals

The equipment referred to in above clauses shall be calibrated and verified as necessary. A maintenance, verification, and calibration plan shall be compiled and record of the calibrations, verifications, and maintenance be kept.

CKG

Article 22: Printing and over printing for quality control

Prior to printing or overprinting of a batch the following minimum checks shall be conducted:

- a. Correct paper being used and the right side up.
- b. Correct ink for the job.
- c. Correct plates.
- d. Background security features must show clear reaction when in contact with water as well as solvents.

The quality officer shall release a job in writing only after the necessary checks have been carried out. Records of all these checks must be retained for at least one year.

Article 23: Encoding

The following tests must be conducted on cancelled specimens when setting up the equipment and prior to encoding of a batch:

- a. The signal level
- b. Position of the fields
- c. Alignment of characters
- d. Position of characters
- e. Skewness of characters
- f. Dimensions

Records of these tests must be retained for at least one year. Quality control officer shall prior to final encoding of a batch clear in writing that final encoding provided that it conforms to the requirements set out in the MICR specifications. The accredited printing and/or encoding companies shall put in place procedures governing how it sends cancelled sample cheques to the Banks for quality examination in accordance with all relevant specifications.

Article 24: Orders

All orders received by accredited printers/and encoding companies shall be acknowledged and logged into a register in the administration office. Checks shall be in place to confirm that the order is correctly produced in terms of quality and quantity. The ordering banks shall provide written approvals for re-orders when quality and/or quantity is compromised. The printer shall confirm and compare to previous orders for compliance.

CNG

Article 25: Tracking

Each job shall have a work ticket reflecting all aspects of the process and containing all relevant documents. Cancelled specimen cheques shall also be in this work ticket. The work ticket shall be stored in a safe room and a register kept of the exact number and unique identification of work tickets in the storeroom.

Article 26: Subcontracting

No subcontracting in the printing, encoding, finishing and packing process shall be allowed except where bilateral agreement exists between accredited printers/encoders in line with the company's contingency disaster plan upon approval of the Central Bank.

Article 27: Stock Control

The printing and/or encoding company shall record and check for 100% reconciliation at the end of each printing job all raw materials issued and returned inter alia paper, ink, magnetized ribbons and inks, pre-printed base-stock, printing plates, films.

The printing and/or encoding company shall account all stocks for and evidence of weekly stock takes shall be available to the inspection team. Setting-up waste must be defaced and records of each sheet or length of paper destroyed shall be kept for reconciliation purposes. This is applicable to all process inter alia pre-printing, overprinting, encoding.

The printing and/or encoding company shall return base stock overs to the store if deemed fit for re-use. Records of these returns shall be kept and retained for at least one year.

Plates, which are not fit for re-use, shall be destroyed in such a manner that they cannot be reproduced. Records of these destructions must be kept for one year.

Spoilt cheque books and cheque sheets identified during the finishing process shall be recorded and destroyed under supervision of the senior staff. The records must reflect the serial numbers of the encoding and if applicable of the numbering for reconciliation purposes.

A designated senior staff member may authorize the reprinting of spoilt cheques and complete records shall be kept. All the above apply for the reprinting.

CRG

Article 28: Waste Disposal

At least two designated senior staff members who will take responsibility by signing destruction certificates for all waste shall witness destruction of all security waste by incineration.

Waste shall be destroyed beyond re-use and the method of destruction shall also be recorded. The store where the shredded waste before incineration shall be kept locked away within the security area

Article 29: Finishing and Packing

The printing and/or encoding company shall securely pack and shrink-wrap all cheque books and cheque sheets.

The package shall include details of the contents of the pack.. No details of the cheques must be on the outside of the package.

The printing and/or encoding company shall keep records of the packing of each sheet or book and the figures must reconcile with the amount of raw materials issued. The complete reconciliation shall be conducted after each job before dispatch. Records must be kept for one (1) year.

Article 30: Transport, Delivery and Dispatch

The printing/encoding company shall ensure that:

- a. The dispatch bay is totally empty prior to a delivery.
- b. The finished goods are checked against the job ticket.
- c. Delivery notes are signed by the authorised officials.
- d. Wherever applicable notice of delivery details are given to the client including:
 - i. The name and identity number of the truck driver,
 - ii. The registration number of the vehicle,
 - iii. Time of departure,
 - iv. The expected time of arrival.
- e. Accurate records of all procedures concerning dispatching and deliveries are kept for at least one year.
- f. The client confirms in writing the receipt of delivery to the printer.

CKG

The dual door system at dispatch shall be utilized and courier shall be contacted to arrange a cheque collection date, time of departure and expected time of arrival, name and identity number of the truck driver, registration number of the vehicle.

The information specified in article 31 paragraphs 2 is confidential to the staff member responsible for supervising delivery only. Other staff members on the floor must not have any knowledge of a delivery or collection prior thereto.

Security guard at the main gate shall phone the staff member responsible when the courier arrives. Details of the truck guard shall be verified and the courier shall enter the premises only if the staff member gives the authorization.

The loading of the vehicle must be conducted in the presence of a security guard. The dispatch bay shall be clean and nothing must be stored in the bay. Only items to be dispatched or delivered may be in the dispatch bay during a delivery or dispatch.

Article 31: Disaster Recovery Plan

Each printing/encoding company must have a documented disaster recovery plan.

This plan shall be reviewed and submitted to the Central Bank on an annual basis.

Archived, compressed or any other method of record keeping shall be stored at a different location.

Each printing/encoding company shall have a disaster Recovery site, which should be in an operational state at all times.

CHAPTER IV: FINAL PROVISIONS

Article 32: Compliance

These guidelines shall be subject in all respects to the Laws of Rwanda and any applicable regulations issued by the Central Bank.

Article 33: Amendment of the guidelines

The Central Bank may at any time amend, delete, vary or add any provision of these guidelines and such amendment, deletion, variation, addition shall become effective from the date of notification to the printing/encoding company and banks by the Central Bank.

CKG

The notification provided under article 34, paragraph one may be effected through a directive, decision, notice, letter or other means communicating the intention of the Central Bank to the printing/encoding company and banks.

Article 34: Repealing provisions

All prior provisions inconsistent with these guidelines are hereby repealed.

Article 35: Commencement

These guidelines shall come into force on the date of their signature.

Done at Kigali on 31st May 2012

Amb. GATETE Claver
Governor

