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ON AMENDMENTS AND SUPPLEMENTS TO THE LAW ON PAYMENT SERVICES¹

Article 1

In the Law on Payment Services (RS Official Gazette No 139/14), in Article 2, paragraph 1, after item 37), the fullstop at the end of the paragraph shall be replaced by a semicolon and items 38) to 42) shall be added to read:

“38) credit interest rate means any rate at which interest is paid to the payment service user in respect of funds held in a payment account;

39) standing order means an instruction given by the payer to the payment service provider which holds the payer’s payment account to execute credit transfers at regular intervals or on predetermined dates;

40) overdraft facility and overrunning mean as defined by the law governing the protection of financial service consumers;

41) legally resident in the Republic of Serbia means a natural person’s residence in the Republic of Serbia in accordance with the regulations governing permanent and temporary residence of nationals, and/or residence of foreign nationals in accordance with the law on foreigners, including a foreign national residing in the Republic of Serbia in accordance with the laws governing asylum and refugees or based on the international treaty;

42) payment account switching means service which the payment service provider provides to a user in accordance with Article 73j of this Law.”.

Article 2

In Article 3, after paragraph 1, paragraph 2 shall be added to read:

“By way of derogation from paragraph 1, item 7) hereof, provisions of Articles 73a to 73v shall also apply to payment transactions and documents referred to in that item.”.

Article 3

In Article 12, after paragraph 4, a new paragraph 5 shall be added to read:

“A payment service provider may charge a fee to payment service users for providing information and/or fulfilling its obligations to payment service users specified in Chapter IV of this part of the Law, in accordance with the provisions of that Chapter of the Law.”.

Hitherto paragraph 5 shall become paragraph 6.

Article 4

In Article 44, paragraph 3, words “payment service user – consumer” shall be replaced by words “payment service user who is not a legal person”.

Article 5

In Article 51, paragraph 1, words: “RSD 15,000” shall be replaced by words “RSD 3,000”.

After paragraph 4, paragraph 5 shall be added, to read:

“By way of derogation from paragraph 1 hereof, the National Bank of Serbia may prescribe that the payer shall bear losses arising from execution of unauthorised payment transactions up to an amount not exceeding RSD 3,000, taking into account in particular the nature of personalised security features of a payment instrument and the circumstances in which the payment instrument was lost, stolen or misappropriated.”.

¹ This Law was published in the RS Official Gazette, No 44/2018.

Article 6

In Article 55, paragraph 3 shall be amended to read:

“In the case referred to in paragraph 2 hereof, at the request of a payment service user, the payment service provider shall immediately take all reasonable measures in order that the payment service user receives the refund of a payment transaction amount, and the payee's payment service provider shall cooperate to this aim with the payer's payment service provider and provide all the necessary information to the provider so that the payment transaction amount is refunded. If in the case referred to in this paragraph the money cannot be refunded to the payer, the payer's payment service provider shall, upon the payer's written request, immediately submit all the available information which the payer needs to exercise the right to refund (e.g. information about the payee's payment service provider and/or the payee).”.

Article 7

In Article 58, after words “incorrectly executed payment transaction”, a comma and words “without prejudice to obligations from Article 55 of this Law” shall be added.

Article 8

In Article 64, paragraph 3, words “except for Articles 44 and 45 of this Law” shall be replaced by words “except for Articles 44, 45 and 55 of this Law”.

Article 9

After Article 67, below the titles “Title IV” and “PAYMENT ACCOUNTS”, a title of the section shall be added to read:

“1. Types of payment accounts”.

Article 10

In Article 71, paragraph 1 shall be amended to read:

“The National Bank of Serbia shall maintain current and other accounts of banks and the National Bank of Serbia, and other accounts in accordance with regulations and/or operating rules of the payment systems it operates.”.

Article 11

After Article 71 a title of the section shall be added to read:

“2. Payment account data”.

Article 12

After Article 73, Articles 73a – 73v and titles above those Articles shall be added to read:

“3. Provision of payment services linked to a payment account

Special rules regarding the provision of payment services linked to a payment account

Article 73a

Provisions of Articles 73b to 73v of this Law shall apply to payment accounts which enable payment service users to use the services referred to in Article 4, paragraph 1, items 1) and 2) and item 3), sub-item (1) of this Law.

Services linked to the payment account, within the meaning of this Law, means all services related to the opening, maintaining and closing of a payment account, including the services referred to in paragraph 1 hereof and overdraft facilities and overrunning.

A payment service provider within the meaning of Articles 73b to 73v of this Law means a bank, electronic money institution, payment institution and public postal operator.

Fees which the payment service provider charges within the meaning of this Chapter of the Law means all fees and other charges payable by the payment service user to the payment service provider for or in relation to services linked to a payment account;

Non-discrimination

Article 73b

When opening an account for a consumer legally resident in the Republic of Serbia, any form of direct or indirect discrimination, based on any ground, particularly race, sex, genetic features, nationality, social origin, birth, religion, political or any other opinion, property status, place of residence, culture, language, age, sexual orientation or disability, shall be prohibited.

List of representative services linked to a payment account

Article 73c

The National Bank of Serbia shall prescribe a list of at least ten and no more than twenty representative services linked to a payment account and subject to a fee, offered by at least one payment service provider in the Republic of Serbia (hereinafter: the list of representative services).

The list of representative services shall contain established terms and definitions for each of the services linked to a payment account.

In establishing the list of representative services, the National Bank of Serbia shall have regard to the services that are most commonly used by payment service users in relation to their payment account and services that generate the highest cost for payment service users.

The list of representative services is regularly updated and published on the website of the National Bank of Serbia.

Fee information document

Article 73d

The fee information document means a document containing a list of services from the list of representative services that are offered by a payment service provider, and details on individual fees for each such service.

Each service shall be described by terms and definitions from the list of representative services, and any additional explanations must be clear, unambiguous and understandable in all respects.

A payment service provider shall provide to the payment service user, free of charge and in good time before concluding with him a framework contract on payment services linked to a payment account (hereinafter: framework contract for a payment account), and at the same time when providing other information specified by this Law – the fee information document, on paper or another durable medium, in a manner that provides a proof of submission.

A payment service provider shall ensure that the fee information document is easily available at counters on its premises and on its website. The fee information document shall also be provided on paper or another durable medium, free of charge, upon the request of the payment service user.

The National Bank of Serbia shall prescribe in detail the contents and form of the fee information document.

Statement of fees

Article 73e

A payment service provider shall provide the payment service user, at least annually and free of charge, with a statement of fees charged for services linked to the payment account (hereinafter: statement of fees).

By way of derogation from paragraph 1 hereof, the payment service provider shall provide the statement of fees to the payment service user who is not the consumer, on his request.

The statement of fees shall also contain information on interest rates applied and the total amount of interest, where the payment service provider charged and/or paid interest in the reporting period for certain services linked to a payment account.

In the statement of fees charged for the services specified in the list of representative services the payment service provider shall use the terms and definitions set out in that list.

The statement of fees shall contain in particular the following information:

- 1) the unit fee charged for each service and the number of times the service was used during the reporting period, and where the services are combined in a package, the fee charged for the package as a whole, the number of times the package fee was charged during the reporting period and the potential additional fee charged for any service exceeding the quantity covered by the package fee;
- 2) the total amount of all fees charged during the reporting period for each service, each package of services provided and services exceeding the quantity covered by the package fee;
- 3) the overdraft and/or overrunning interest rate applied to the payment account and the total amount of interest charged relating to the overdraft and/or overrunning during the relevant period, if the payment service provider provided this service in the reporting period;
- 4) the credit interest rate and the total amount of interest earned during the relevant period, if the payment service provider provided a service linked to a payment account and subject to the credit interest rate in the reporting period;
- 5) the total amount of fees charged for all services linked to a payment account provided during the reporting period.

The statement of fees shall be a stand-alone document and contain a conspicuous and prominent title "Statement of Fees" at the top of the first page, to distinguish the document from other documentation. The statement of fees shall be presented and laid out in a way that is clear and easy to read and shall not contain inaccurate or misleading information on the fees charged.

Amounts of fees and interest in the statement of fees shall be expressed in dinars or other currency on which the payment service user and the payment service provider agreed upon, in accordance with the regulations governing foreign exchange operations.

The statement of fees shall be written in the Serbian language and/or another language in accordance with the framework contract for a payment account.

The manner of delivery of the statement of fees shall be specified in the framework contract for a payment account. The payment service provider shall provide the statement of fees on paper, upon the request of the payment service user.

The National Bank of Serbia may prescribe the presentation format and contents of the statement of fees.

Information for users of payment services linked to payment accounts

Article 73f

Payment service providers shall ensure that in their marketing and contractual information about the services specified in the list of representative services, they use the terms and definitions specified in that list.

Payment service providers may use product (brand) names in the fee information document and in the statement of fees, in addition to the terms specified in the list of representative services.

In marketing and contractual information about the services specified in the list of representative services, payment service providers may use product (brand) names, provided that they clearly identify the services defined in that list.

Information related to payment accounts specified by other regulations

Article 73g

Provisions of Articles 73c to 73f of this Law do not exclude the obligation of payment service providers to provide information they are required to provide in accordance with other provisions of this Law and the regulations governing the protection of financial service consumers.

Comparison website

Article 73h

The National Bank of Serbia shall publish on its website comparable data on fees charged to payment service users by payment service providers for at least the services included in the list of representative services.

The National Bank of Serbia shall regulate in more detail the content and the manner of submission and publishing of the data referred to in paragraph 1 hereof.

Payment accounts packaged with another product or service

Article 73i

When the service of opening and maintaining a payment account is offered as part of a package together with another product or service which is not linked to that account, the payment service provider shall inform the payment service user whether it is possible to open the payment account separately and, if so, provide separate information regarding the costs and fees associated with each of the other products and services offered in that package.

4. Payment account switching

Switching service

Article 73j

A payment service provider shall provide the service of payment account switching, in the same currency, to any payment service user who opens or holds a payment account with a receiving payment service provider (hereinafter: new payment account).

Payment account switching shall be executed exclusively upon the receipt of the authorisation given by the payment service user, with or without the closing of the payment account opened with the transferring payment service provider.

When providing the switching service, the transferring payment service provider shall transfer to the receiving payment service provider:

- 1) information on all or some standing orders, recurring direct debit mandates and recurring credit transfers where the payment service user is the payee (hereinafter: incoming credit transfer);
- 2) any remaining positive account balance, if so requested by the payment service user in the authorisation referred to in paragraph 2 hereof.

The provisions of this Law governing the switching service shall apply *mutatis mutandis* to the switching between different payment accounts of the payment service user within the same payment service provider, i.e. the switching where one and the same payment service provider is at the same time the transferring and the receiving payment service provider.

Authorisation for payment account switching

Article 73k

A receiving payment service provider shall start the actions of payment account switching upon the receipt of the authorisation for switching a payment account from the payment service user referred to in Article 73j of this Law (hereinafter: authorisation).

In the case of two or more holders of the payment account, account switching is initiated upon the receipt of the authorisation from each of them.

The authorisation shall be in writing, in Serbian or in another language agreed between the parties, and immediately upon the receipt of the authorisation, the payment service provider shall deliver to the payment service user his original or a copy as a proof of receipt of the authorisation.

By the authorisation, the payment service user gives consent to the transferring and receiving payment service providers for all or some actions within the switching service which those providers are obliged to perform in accordance with this Law.

By the authorisation, the payment service user may identify standing orders, direct debit mandates, incoming credit transfers and other payment services that are to be switched to the new payment account, provided that the receiving payment service provider provides those services.

By the authorisation, the payment service user specifies the date from which standing orders and direct debits are to be executed from the new payment account. The date shall be at least six business days from the date on which the receiving payment service provider received the documentation from the transferring payment service provider.

Obligations of payment service providers in payment account switching

Article 73l

Within two business days from the receipt of the authorisation for payment account switching, the receiving payment service provider shall request the transferring payment service provider to carry out the following tasks, in accordance with the authorisation:

- 1) transmit to the receiving payment service provider and, if specifically requested by the payment service user, to him as well, a list of the existing standing orders and available information on direct debit mandates that the payment service user requested to be switched – within five business days from the receipt of this request;
- 2) transmit to the receiving payment service provider and, if specifically requested by the payment service user, to him as well, the available information about recurring incoming credit transfers and creditor-driven direct debits executed on the payment service user's payment account in the previous 13 months – within five business days from the receipt of this request;
- 3) refuse the execution of a payment transaction based on incoming credit transfers and direct debits with the effect from the date specified in the authorisation and inform the payer and the payee about the reasons for refusal, if it does not provide a system for automated redirection to the new payment account;
- 4) cancel standing orders with effect from the date specified in the authorisation;
- 5) transfer any remaining positive balance from the previous to the new payment account on the date specified in the authorisation;
- 6) close the payment account on the date specified in the authorisation.

The transferring payment service provider shall act upon the request of the receiving payment service provider in the manner and within the deadlines specified in paragraph 1 of this Article, in accordance with the authorisation.

The transferring payment service provider shall close the account if the payment service user has no outstanding obligations on that account and provided that the actions listed in paragraph 1, items

1), 2) and 4) of this Article have been completed, without prejudice to the provisions of this Law which pertain to the cancellation of the framework contract upon the request of the payment service user.

The transferring payment service provider shall immediately inform the payment service user where the conditions for closing an account from paragraph 3 of this Article are not met.

Within five business days from the receipt of the requested information referred to in paragraph 1 of this Article, and in accordance with the authorisation and all the information received, the receiving payment service provider shall do the following:

1) set up the standing orders specified by the payment service user in the authorisation and execute them with effect from the date specified in the authorisation;

2) make any necessary preparations to execute direct debits which the payment service user specified in the authorisation with effect from the date specified in the authorisation;

3) inform the payment service user of other rights related to the execution of direct debits that are agreed (e.g. the right to reduce the amount of direct debit, to approve each individual direct debit, to block direct debit);

4) inform the payers specified in the authorisation and making recurring incoming credit transfers of the details of the new payment account of the payment service user and transmit to them a copy or original of the authorisation;

5) inform the payees specified in the authorisation and using a direct debit to collect funds from the payment account of the payment service user of the details of the user's new payment account and the date from which direct debits are to be collected from that payment account and transmit to the payees, along with the information, a copy or original of the authorisation.

If it does not possess all the information necessary for the informing referred to in paragraph 5, items 4) and 5) of this Article, the receiving payment service provider may request from the transferring payment service provider or the payment service user to submit that information.

Where the payment service user chooses to directly provide the information referred to in paragraph 5, items 4) and 5) of this Article to the payers and/or payees, the receiving payment service provider shall provide to the payment service user, within the deadline specified in that paragraph, in writing, on a form specified by its internal act, details of the new payment account and the starting date specified in the authorisation as of which the receiving payment service provider will start to provide services linked to the new payment account.

Without prejudice to the provisions of this Law which relate to limiting the use of a payment instrument, the transferring payment service provider may not block payment instruments before the date specified in the authorisation, so that the provision of payment services to the payment service user is not interrupted in the course of payment account switching.

Fees connected with the switching service

Article 73m

A payment service provider shall submit or make easily available to payment service users, free of charge and upon their request, information regarding existing standing orders and direct debits held with that payment service provider.

The transferring payment service provider shall provide to the payment service user or the receiving payment service provider the information from Article 73l, paragraph 1, items 1) and 2) of this Law, free of charge.

The fees for services from Article 73l of this Law, apart from the services specified in paragraphs 1 and 2 of this Article and the closing of an account, applied by the payment service provider to the payment service user who is not a consumer, shall be reasonable, in line with the actual costs incurred by the payment service provider and not higher than the average fees charged for those services to other payment service users.

Liability for damage incurred in the switching process

Article 73n

A payment service provider shall refund to the payment service user, without delay, any damage suffered by the user in the switching process due to non-compliance with Articles 73k and 73l of this Law.

The payment service provider shall not be liable for the damage referred to in paragraph 1 of this Article in case of a force majeure which prevented the provider from executing its obligations specified by the Law.

Information about payment account switching

Article 73o

A payment service provider shall make easily available to payment service users the information about:

- 1) obligations and responsibilities of the transferring and receiving payment service provider in accordance with Articles 73j to 73n of this Law;
- 2) the time-frames for the completion of actions referred to in Article 73l of this Law;
- 3) the fees, if any, charged for the switching of a payment account;
- 4) any information that the payment service user is required to provide to the payment service provider;
- 5) the out-of-court dispute settlement options, in accordance with the law governing the protection of financial service consumers.

The information referred to in paragraph 1 of this Article shall be available free of charge, on paper or another durable medium, on all premises of the payment service provider accessible to payment service users and on the website of the payment service provider.

A payment service provider shall provide to the payment service users the information referred to in paragraph 1 of this Article upon their request and free of charge.

5. Payment account with basic features

Consumer's right to a payment account with basic features

Article 73p

Without prejudice to the provisions of the law governing the prevention of money laundering and terrorism financing and other provisions of this Law, a bank shall ensure that a consumer legally resident in Serbia, who does not have a payment account, may open and use a payment account with basic features, upon his request.

A bank may enable the consumer to open and use a payment account with basic features with the public postal operator as well, where the public postal operator offers payment services for and on behalf of that bank.

A payment account with basic features means a payment account used for executing payment transactions in dinars.

Basic features relating to the payment account from paragraph 1 of this Article shall include:

- 1) services required for the opening, maintaining and closing of the account;
- 2) services enabling cash to be placed on a payment account;

3) services enabling cash withdrawals from a payment account at counters or ATMs and other similar machines;

4) execution of the following payment transactions, i.e. transfer of funds from and/or to a payment account:

(1) direct debits,

(2) payment transactions through a payment card, including online payments;

(3) credit transfers, including standing orders, at adequate machines, bank counters or via online facilities.

When opening the account from paragraph 1 of this Article, banks shall offer the services from that paragraph only to the extent that they already offer them to consumers with relation to other payment accounts.

The conditions for opening, maintaining (using) and closing consumer's payment accounts with basic features must be non-discriminatory within the meaning of Article 73b of this Law.

Opening a payment account with basic features

Article 73q

Upon the submission of an application by a consumer, a bank shall open a payment account with basic features or refuse to open it without delay and no later than within ten business days of the receipt of the duly completed application.

The bank may refuse an application for opening a payment account with basic features if the consumer has already opened a payment account with another bank which enables him to make use of the services listed in Article 73p hereof, except in the case when the consumer provides a written statement and presents a notification issued by another bank stating that the payment account will be closed.

In the case referred to in paragraph 2 hereof, the bank shall first verify whether the consumer has already opened a payment account with another bank or, if it does not perform such verification, it shall rely on the consumer's statement in writing on whether he has already opened a payment account with another bank which enables him to make use of the services listed in Article 73p of this Law.

Banks shall cooperate in the verification process referred to in paragraph 3 of this Article. The data which the banks collect and exchange in the verification process may be collected in accordance with Article 74, paragraph 4, item 1) of this Law and used only for the purpose of opening a payment account with basic features and in accordance with the regulations governing the protection of personal data.

If the application for opening a payment account with basic features is refused, the bank shall immediately inform the consumer of the refusal and of the reasons therefore, in writing and free of charge, unless such disclosure would be contrary to regulations.

In the event of refusal of the application for opening a payment account with basic features, the bank shall advise the consumer of the right to complain and the possibility of out-of-court dispute settlement in relation to the opening of a payment account with basic features, in accordance with the law governing the protection of financial service consumers.

Use of a payment account with basic features

Article 73r

Banks shall ensure that a consumer is allowed to execute an unlimited number of payment transactions in relation to the services referred to in Article 73p of this Law.

Banks shall ensure that the consumer is able to execute payment transactions from the payment account with basic features on the bank's premises and/or via online facilities, where such facilities are offered by the bank.

Offering other services with a payment account with basic features

Article 73s

At the consumer's request, an overdraft facility in relation to a payment account with basic features and credit card use may be allowed to the consumer in accordance with the law governing the protection of financial service consumers.

The bank may not make the opening and use of a payment account with basic features conditional on the acceptance of the overdraft facility or credit cards referred to in paragraph 1 hereof, or on the acceptance of another additional service.

Fees associated with a payment account with basic features

Article 73t

Banks shall provide services referred to in Article 73p of this Law free of charge or for a reasonable fee, taking into account the actual costs to be incurred by the bank.

Based on the previously obtained opinion of the ministry in charge of social affairs, the National Bank of Serbia may prescribe and more closely define the bank's obligation to provide certain types and a certain number of payment services from Article 73p hereof free of charge to certain socially vulnerable categories of consumers and may also limit the fee referred to in paragraph 1 of this Article.

Termination of the framework contract on a payment account with basic features

Article 73u

The framework contract for a payment account with basic features shall be subject to the provisions of Chapter II of this Law, unless otherwise specified in this Article.

Banks may unilaterally terminate the framework contract for a payment account with basic features if at least one of the following conditions is met:

- 1) the consumer deliberately used the payment account for illegal purposes;
- 2) there has been no transaction on the payment account for more than 24 consecutive months;
- 3) the consumer provided incorrect information in order to obtain the payment account with basic features;
- 4) the consumer has subsequently opened a second payment account which allows him to make use of the services listed in Article 73p of this Law;
- 5) the consumer is no longer legally resident in the Republic of Serbia.

Where the bank terminates the framework contract for a payment account with basic features due to the fulfilment of one or more conditions from paragraph 2, items 2), 4) and 5) of this Article, it shall inform the consumer of the grounds for the termination at least two months before the termination enters into force, in writing, on paper or another durable medium, and free of charge, unless such disclosure would be contrary to regulations.

Where the bank terminates the framework contract for a payment account with basic features due to the fulfilment of one or both conditions referred to in paragraph 2, items 1) and 3) of this Article, the termination shall take effect the moment the fulfilment of one of those conditions is established.

In the notification of termination of the framework contract for a payment account with basic features the bank shall underline the information regarding the consumer's right to complain and the possibility of out-of-court dispute settlement in accordance with the law governing the protection of financial service consumers.

General information on payment accounts with basic features

Article 73v

The National Bank of Serbia shall publish the information about the availability of payment accounts with basic features, associated fees, conditions and manner of exercising the right to a payment account with basic features and about the consumer's right to complain and the possibility of out-of-court dispute settlement in accordance with the law governing the protection of financial service consumers.

Banks shall make easily available to consumers, free of charge, information and explanations about the characteristics of the payment account with basic features, the conditions of use and associated fees.

The information referred to in paragraph 2 hereof shall make clear that the contracting of additional services is not compulsory in order to open and use a payment account with basic features.”.

Article 13

After Article 81, Article 81a and a title above that Article shall be added to read:

“Associates and business reputation

Article 81a

A company which intends to provide payment services as a payment institution shall submit, when filing an application referred to in Article 82, paragraph 1 of this Law, as well as at the request of the National Bank of Serbia, the list of associates of persons acquiring a qualifying holding, members of managing bodies and the director of a payment institution, as well as the beneficial owner of the payment institution within the meaning of the law governing the prevention of money laundering and financing of terrorism, for the purpose of assessment of their business reputation.

By regulations referred to in Article 81, paragraph 5 and Article 82, paragraph 6 of this Law the National Bank of Serbia shall regulate in more detail the concept of associate from paragraph 1 hereof.”.

Article 14

In Article 82, after paragraph 2 a new paragraph 3 shall be added to read:

“If the application from paragraph 1 hereof is not duly completed, within one month upon receiving the application the National Bank of Serbia shall inform the company referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 2 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”.

Hitherto paragraphs 3 to 5 shall become paragraphs 4 to 6.

Article 15

In Article 104, after paragraph 4 a new paragraph 5 shall be added to read:

“If the application from paragraph 2 hereof is not duly completed, within one month upon receiving the application the National Bank of Serbia shall inform the payment institution referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 4 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”.

Hitherto paragraph 5 shall become paragraph 6.

Article 16

Article 117 shall be amended to read:

“Article 117

Provisions of Articles 80 and 81a of this Law shall apply *mutatis mutandis* to members of managing bodies and persons directly managing electronic money issuance activities in an electronic money institution (hereinafter: director of an electronic money institution).”.

Article 17

In Article 118, after paragraph 2 a new paragraph 3 shall be added to read:

“If the application for approval from paragraph 1 hereof is not duly completed, within 15 days upon receiving the application the National Bank of Serbia shall inform the person referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 2 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”.

Hitherto paragraphs 3 to 5 shall become paragraphs 4 to 6.

In hitherto paragraph 4, which becomes paragraph 5, words “within the period specified in paragraph 3 of this Article” shall be replaced by words “within the period specified in paragraph 4 of this Article”.

After hitherto paragraph 5, which becomes paragraph 6, paragraph 7 shall be added to read:

“Article 81a of this Law shall apply *mutatis mutandis* to the process of deciding about the application for approval referred to in paragraph 1 of this Article.”.

Article 18

In Article 127, after paragraph 2 a new paragraph 3 shall be added to read:

“If the application from paragraph 1 hereof is not duly completed, within one month upon receiving the application the National Bank of Serbia shall inform the company referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 2 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”.

Hitherto paragraphs 3 to 7 shall become paragraphs 4 to 8.

In hitherto paragraph 4, which shall become paragraph 5, words “decision referred to in paragraph 3 of this Article” shall be replaced by words: “decision referred to in paragraph 4 of this Article”.

Article 19

In Article 135, after paragraph 5 a new paragraph 6 shall be added to read:

“If the application from paragraph 4 hereof is not duly completed, within one month upon receiving the application the National Bank of Serbia shall inform the electronic money institution referred to in that paragraph how to duly complete the application, in which case the deadline referred to in paragraph 5 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”.

Hitherto paragraph 6 shall become paragraph 7.

Article 20

In Article 146, paragraph 2, words “to manage payment system operation” shall be erased and words “such operation” shall be replaced by words: “payment system operation”.

Paragraphs 3 and 4 shall be amended to read:

“Articles 80 and 81a of this Law shall apply *mutatis mutandis* to the member of an operator’s managing body from paragraph 1 of this Article and the director of the payment system.

Provisions of Articles 81 and 81a of this Law shall apply *mutatis mutandis* to the person with a qualifying holding in an operator referred to in paragraph 1 of this Article.”.

Article 21

In Article 151, paragraph 1, item 1) the word “decision” shall be replaced by the word “proof”, and the word “certificate” shall be erased.

In item 6) the words “and/or a proposal of this contract with statements of future participants in the payment system declaring that they will conclude this contract immediately upon receipt of the license for payment system operation” and the comma before those words – shall be erased.

In item 7) the words “and internal controls systems, and the description of risk management,” – shall be erased.

In item 8) the words “appropriate professional qualifications and experience” and the comma before those words – shall be erased.

After paragraph 5 new paragraphs 6 and 7 shall be added to read:

“Article 81a of this Law shall apply *mutatis mutandis* in the process of deciding about the application referred to in paragraph 1 of this Article.

If the application from paragraph 1 hereof is not duly completed, within one month upon receiving the application the National Bank of Serbia shall inform the person referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 5 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”

Hitherto paragraphs 6 and 7 shall become paragraphs 8 and 9.

Article 22

In Article 152, paragraph 1, words “EUR 100,000” shall be replaced by words “EUR 1,000,000”.

Article 23

In Article 153, paragraph 1, the fullstop at the end of the paragraph shall be replaced by a comma and words “and/or if it assesses that the applicant's proposal of payment system rules does not warrant the safe and sound operation of the payment system.” shall be added.

After paragraph 2, paragraph 3 shall be added to read:

“The applicant whose application for license for payment system operation has been refused may not submit a new application within one year from the refusal date.”

Article 24

In Article 156, paragraph 1, item 2) shall be amended to read:

“2) a proper governance system, including in particular risk management and internal controls systems.”

Item 3) shall be erased.

Article 25

In Article 157, paragraph 1, words “EUR 100,000” shall be replaced by words “EUR 1,000,000”.

Article 26

In Article 158, after paragraph 3 a new paragraph 4 shall be added to read:

“If the application referred to in paragraph 1 hereof is not duly completed, within 15 days upon receiving the application the National Bank of Serbia shall inform the operator referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 3 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph.”

Hitherto paragraphs 4 to 6 shall become paragraphs 5 to 7.

Article 27

In Article 178, after paragraph 1 a new paragraph 2 shall be added to read:

“The National Bank of Serbia shall be entitled at all times to request from the competent authority that keeps criminal conviction records the details of conviction of persons, their associates, as well as the beneficial owners of those persons within the meaning of the law governing the prevention of money laundering and the financing of terrorism – to whom the applications and notifications submitted to the National Bank of Serbia in accordance with this Law pertain, and/or persons whose business reputation is relevant for acting and deciding upon those applications and/or notifications.”

Hitherto paragraph 2 shall become paragraph 3.

Article 28

After Article 196, Articles 196a to 196c and titles above those Articles shall be added to read:

“List of representative services after the Republic of Serbia joins the European Union

Article 196a

The National Bank of Serbia shall prescribe, publish and update on its website the list of representative services complying with the standardised European Union-level terminology.

Offering the service of cross-border switching of the consumer’s payment account

Article 196b

Should the consumer decide to open a payment account with a payment service provider whose head office is located in another European Union member state, the payment service provider located in the Republic of Serbia, with which the consumer has already opened a payment account, shall take the following actions at the consumer’s request:

- 1) provide the consumer free of charge with a list of the existing standing orders and authorisations for direct debits granted to that payment service provider, and the available information on recurring incoming credit transfers and creditor-driven direct debits executed on the consumer’s payment account in the previous 13 months; the receiving payment service provider shall not be obligated to provide those services on the list from this item which it does not have in its offer;
- 2) transfer any positive balance remaining on the previous payment account to the new payment account, provided that the request includes all the necessary information allowing the receiving payment service provider and the new payment account to be identified;
- 3) close the payment account held by the consumer.

If the consumer has no outstanding obligations on the payment account, the payment service provider shall take the actions set out in paragraph 1 of this Article on the date specified by the consumer, which shall be at least six business days after the payment service provider receives the consumer’s request, unless a shorter deadline has already been agreed in the specific case or if the framework contract for opening a payment account defines a longer deadline in accordance with the law governing payment services.

The payment service provider shall immediately inform the consumer where outstanding obligations on the payment account toward that provider prevent consumer’s payment account from being closed.

The provisions of this Article shall pertain to payment service users who are not consumers if the national legislation of another European Union member state in which the receiving payment service provider operates defines that such users also have the right to payment account switching within the meaning of this Law.

Right to a payment account with basic features after the Republic of Serbia joins the European Union

Article 196c

The consumer who is legally resident in the European Union, including consumers with no fixed address and asylum seekers, and consumers who are not granted a residence permit but whose expulsion is impossible for legal or factual reasons, shall have the right to open and use a payment account with basic features with a bank, irrespective of the consumer's place of residence.

Provisions of Article 73b and Article 73p, paragraph 6 of this Law shall apply when opening and using the account from paragraph 1 of this Article.

Provisions of Article 73u of this Law shall apply *mutatis mutandis* to termination of the framework contract for opening and maintaining the account from paragraph 1 hereof; sufficient reason for contract termination shall also be the fact that the consumer from paragraph 1 hereof is no longer legally resident in the European Union.

Within the meaning of this Law, the concept of "legally resident in the European Union" means the right of a natural person to reside in a European Union member state based on the regulations of the European Union or national legislation, including natural persons with no fixed address and asylum seekers, in accordance with the generally accepted rules of international law and ratified international treaties."

Article 29

In Article 204, after paragraph 2, a new paragraph 3 shall be added to read:

"If the application for consent from paragraph 1 hereof is not duly completed, within one month upon receiving the application the National Bank of Serbia shall inform the electronic money institution referred to in that paragraph how to duly complete the application, in which case the deadline from paragraph 2 of this Article shall start to run as of the day of submission of the duly completed application, in accordance with the notification from this paragraph."

Hitherto paragraphs 3 to 5 shall become paragraphs 4 to 6.

In hitherto paragraph 4, which shall become paragraph 5, words "regulation referred to in paragraph 3 hereof" shall be replaced by words "regulation referred to in paragraph 4 hereof".

Article 30

In Article 211 paragraph 1 shall be amended to read:

"The National Bank of Serbia shall cooperate with the European Central Bank, national central banks of member states, competent authorities of other member states responsible for granting the license and exercising supervision of payment institutions, electronic money institutions and payment systems, as well as for the supervision of payment service providers regarding their obligations pertaining to transparency and comparability of fees charged to consumers in relation to payment accounts, respect of consumer rights in terms of payment account switching and the manner of exercising the consumer right to open and use a payment account with basic features, and/or whose competence is established in accordance with regulations of the European Union or a member state applicable to payment service providers, electronic money issuers and payment systems, with authorities whose competence is established by regulations of the European Union or other member state governing the protection of personal data or prevention of money laundering and terrorism financing, as well as other competent authorities of the European Union or a member state."

After paragraph 4, paragraphs 5 to 8 shall be added to read:

"Within cooperation referred to in paragraph 1 of this Article, the National Bank of Serbia may indicate to the competent authority of a member state that data and information from paragraph 4 of this Article may be disclosed to or exchanged with third persons solely with the express agreement of the National Bank of Serbia and for the purposes for which such agreement has been given.

The National Bank of Serbia shall not disclose to or exchange with third persons any data or information it has obtained through cooperation from paragraph 1 hereof without the express agreement

of the authority that provided such information and data, and may use them solely for the purpose for which those authorities have given their consent, except in justified circumstances in accordance with law, in which case the National Bank of Serbia shall immediately inform the authority that supplied the information.

The National Bank of Serbia may refuse to act on a request for cooperation from paragraph 1 of this Article or to exchange information and data as provided for in paragraph 4 of this Article only where:

- 1) such supervisory activity or exchange of information might adversely affect the sovereignty, security or public order of the Republic of Serbia;
- 2) judicial proceedings have already been initiated in respect of the same persons and the same actions before the authorities of the Republic of Serbia;
- 3) final judgement has already been delivered in the Republic of Serbia addressed in respect of the same persons and the same actions.

If the National Bank of Serbia or a competent authority of other member state refuses a request for cooperation or fails to act upon such request within a reasonable period, the authority whose request was not acted upon may ask for the mediation of the European Banking Authority in accordance with the regulations governing the operations of that authority.”.

Article 31

In Article 215, item 49), after words “fails to”, the word “immediately” shall be added, and after words “about the flow of payment transaction funds” – words “and immediately inform the payee’s payment service provider”.

After item 52), the fullstop at the end of the paragraph shall be replaced by a semicolon and items 53) to 87) shall be added to read:

“53) if it fails to provide the payment service user with a fee information document before the conclusion of the framework contract for a payment account, or if it fails to provide such fee information document in the manner specified in Article 73d, paragraph 3 of this Law (Article 73d, paragraph 3);

54) if it fails to ensure that the fee information document is easily available at counters on the provider’s premises and on its website, or if it fails to provide such document free of charge to the payment service user, on its request, on paper or another durable medium (Article 73d, paragraph 4);

55) if the fee information document which it has provided to the payment service user pursuant to Article 73d, paragraphs 3 and 4 of this Law or which it has made easily available in accordance with paragraph 4 of that Article was not drafted in accordance with the regulation of the National Bank of Serbia referred to in paragraph 5 of that Article (Article 73d, paragraph 5);

56) if it fails to send to the payment service user a statement of fees at least once a year, or if it charged the user for the delivery of such statement (Article 73e, paragraph 1);

57) if the statement of fees was not drafted in accordance with Article 73e, paragraphs 2 to 9 of this Law (Article 73e, paragraphs 2 to 9);

58) if when marketing and contracting the services specified in the list of representative services it fails to use the terms and definitions specified in that list or if it uses product (brand) names which make it difficult to clearly identify the services defined in that list (Article 73f, paragraphs 1 and 3);

59) if it fails to inform the payment service user about the possibility to open a payment account separately from purchasing a product or service not linked to the account, but offered as part of a package of payment account opening and maintaining services, or if in that case, it fails to provide the payment service user with separate information regarding the costs and fees associated with each of the other products and services offered in that package (Article 73i);

60) if it fails to enable the payment service user, who is opening or holds a payment account with the payment service provider, to switch the payment account in the same currency (Article 73j, paragraphs 1 and 4);

61) if, when switching the payment account to the receiving payment service provider, it fails to transfer the information on all or some standing orders, recurring direct debit mandates and incoming credit transfers and/or fails to transfer any positive account balance, if so requested by the payment service user (Article 73j, paragraph 3);

62) if, upon receiving the authorisation, it fails to undertake actions relating to payment account switching (Article 73k, paragraphs 1 and 2);

63) if it fails to deliver to the payment service user an original or copy of the authorisation from Article 73k of this Law immediately upon receiving such authorisation (Article 73k, paragraph 3);

64) if, as the receiving payment service provider, it fails to transmit to the transferring payment service provider the request from Article 73l, paragraph 1 of this Law in the prescribed manner and/or within the set deadline (Article 73l, paragraph 1);

65) if, as the transferring payment service provider, it fails to act on the request of the receiving payment service provider from Article 73l, paragraph 1 of this Law in the prescribed manner and/or within the set deadline (Article 73l, paragraph 2);

66) if, as the transferring payment service provider, it fails to close the account in accordance with Article 73l, paragraph 3 of this Law (Article 73l, paragraph 3);

67) if, as the transferring payment service provider, it fails to inform the consumer without delay that the conditions for closing the account have not been fulfilled (Article 73l, paragraph 4);

68) if, as the receiving payment service provider, it fails to act in accordance with Article 73l, paragraph 5 of this Law (Article 73l, paragraph 5);

69) if, as the receiving payment service provider, it fails to act in accordance with Article 73l, paragraph 7 of this Law (Article 73l, paragraph 7);

70) if, as the transferring payment service provider, it blocks a payment instrument contrary to Article 73l, paragraph 8 of this Law (Article 73l, paragraph 8);

71) if it fails to make information about the existing standing orders and direct debits easily available to the payment service user or fails to deliver that information, or delivers it at a fee (Article 73m, paragraph 1);

72) if, as the transferring payment service provider, it fails to provide to the payment service user or the receiving payment service provider the information from Article 73l, paragraph 1, items 1) and 2) of this Law, and/or provides it at a fee (Article 73m, paragraph 2);

73) if it charges a fee contrary to Article 73m, paragraph 3 of this Law (Article 73m, paragraph 3);

74) if it fails to refund to the payment service user, without delay, any damage incurred by the user in the switching process due to non-compliance with Articles 73k and 73l of this Law (Article 73n, paragraph 1);

75) if it fails to make the information on the payment account switching easily available to the payment service user in the manner specified in Article 73o of this Law and/or if it does so at a fee (Article 73o);

76) if, upon receiving a duly completed application from the consumer for opening a payment account with basic features, it fails to act within the set deadline (Article 73q, paragraph 1);

77) if it refuses the consumer's application for opening a payment account with basic features contrary to Article 73q, paragraphs 2 and 3 of this Law (Article 73q, paragraphs 2 and 3);

78) if, in the case of refusing the consumer's application for opening a payment account with basic features, it fails to inform the consumer about the refusal and the reasons therefore and/or it fails to provide to the consumer the information about the right to complain and the possibility of out-of-court dispute settlement (Article 73q, paragraphs 5 and 6);

79) if it fails to allow the consumer to execute an unlimited number of transactions in relation to the payment account with basic features or to execute payment transactions from that account on the bank's premises and/or via online facilities, where such facilities are offered by the bank (Article 73r);

80) if it makes the opening and using of a payment account with basic features conditional on the contraction of the overdraft facility or credit card use, or of another additional service (Article 73s, paragraph 2);

81) if it charges higher fees in relation to the payment account with basic features than the prescribed ones or if it does not provide certain types and a certain number of payment services from Article 73p hereof free of charge to certain socially vulnerable categories of consumers in accordance with the regulation of the National Bank of Serbia referred to in Article 73t, paragraph 2 of this Law (Article 73t);

82) if it unilaterally terminates the contract contrary to Article 73u of this Law (Article 73u);

83) if it fails to provide to the consumer a notification about the termination of the contract on a payment account with basic features in writing, or fails to deliver it within no more than two months before the termination comes into effect, and/or if it delivers the notification at a fee (Article 73u, paragraph 3);

84) if the notification about the termination of the contract on a payment account with basic features does not contain information about the consumer's right to complain and the possibility of out-of-court dispute settlement (Article 73u, paragraph 5);

85) if it fails to make the information about payment accounts with basic features easily available to the consumer and/or fails to provide explanations referred to in Article 73v, paragraph 2 of this Law or does so at a fee (Article 73v, paragraph 2);

86) if it fails to act in the prescribed manner and/or within the set deadline specified in Article 196b of this Law (Article 196b);

87) if it violates the consumer's rights in relation to the payment account referred to in Article 196c of this Law (Article 196c).".

Article 32

The National Bank of Serbia shall adopt the necessary implementing regulations under this Law no later than 16 December 2018.

Article 33

Banks shall harmonise their operations and internal acts with the provisions of this Law no later than 17 March 2019.

Banks shall, no later than 16 February 2019, harmonise the already concluded contracts governing services linked to a payment account and submit the proposal of contracts applicable as of 17 March 2019 to payment service users.

If payment service users failed to inform the bank in writing, prior to 17 March 2019, that they refuse the proposal referred to in paragraph 2 of this Article, it will be considered that they agreed with the proposal, of which the bank shall have informed them simultaneously with the submission of such proposal.

In addition to the manner established in paragraphs 2 and 3 of this Article, a bank may harmonise contracts governing services linked to a payment account also by harmonising general terms of business applied to these contracts.

In the event from paragraph 4 of this Article, banks shall, by no later than 16 February 2019, inform all payment service users with which they have concluded contracts from that paragraph of the fact that they harmonised general terms of business with provisions of this Law and shall make these terms available to such users.

If provisions of contracts from paragraph 4 of this Article are contrary to the provisions of harmonised general terms of business and/or provisions of this Law, the provisions of those terms and/or

this Law shall apply to the contractual relationship between a bank and a payment service user starting with 17 March 2019.

The National Bank of Serbia may prescribe more detailed conditions and manner of harmonisation referred to in this Article.

The National Bank of Serbia shall take measures under its remit towards the bank acting contrary to provisions of this Article, in accordance with the law governing banks and this Law.

Article 34

This Law shall enter into force on 16 June 2018 and apply as of 17 March 2019, apart from provisions 28 to 30 of this Law, which shall apply as of the day the Republic of Serbia accedes to the European Union.