

LAW
ON THE PROTECTION OF FINANCIAL SERVICE
CONSUMERS
(Consolidated version¹)

Chapter I
GENERAL PROVISIONS

Subject matter

Article 1

This Law shall regulate the rights of consumers of financial services provided by banks, financial lessors and vendors, as well as the conditions and manner of exercising and protecting these rights.

Definitions

Article 2

For the purpose of this Law, certain terms shall have the following meaning:

- 1) **financial services** are banking services, financial leasing services and financial arrangements;
- 2) **banking services** are services provided by a bank to consumers of these services on the basis of a credit agreement, deposit agreement, agreement on issuing and use of a credit card, agreement on authorised overdraft facility, as well as other services provided by the bank in accordance with law;
- 3) **financial leasing** (hereinafter: leasing) is an arrangement within the meaning of the law which regulates financial leasing;
- 4) **insurance services and/or services of voluntary pension fund management companies** are services defined by laws which regulate the operation of insurance companies, and/or voluntary pension funds and pension schemes;
- 5) **financial arrangement** is sale involving the payment of price in instalments or another form of consumer financing with the same economic substance, offered by the vendor, which implies deferred payment of debt within a specified period;
- 6) **banking service provider** (hereinafter: bank) is a bank within the meaning of the law which regulates banks;
- 7) **lessor and leasing object** have the meaning defined by the law which regulates financial leasing;
- 8) **vendor** is a legal or natural person selling under a financial arrangement and operating on the market within his business activity or to other commercial purposes;

¹ This consolidated version has been made on the basis of the text of the Law on the Protection of Financial Service Consumers (RS Official Gazette, No 36/2011) and its amendments and supplements published in the RS Official Gazette, No 139/2014.

9) **financial service consumer** (hereinafter: consumer) is a natural person who is using or has used financial services, or who has approached the provider of financial services with an intention to use these services, more specifically:

1) natural person who is using, has used or has the intention to use financial services for purposes outside his business or other commercial activity,

2) entrepreneur, within the meaning of the law which regulates companies,

3) farmer, as a holder or member of a family agricultural household within the meaning of the law which regulates agriculture and rural development;

10) **credit agreement** has the meaning defined by the law which regulates contracts and torts;

11) **deposit agreement** has the meaning defined by the law which regulates contracts and torts;

12) *(deleted)*;

13) **revolving credit agreement** is a credit agreement enabling the consumer to use approved funds repeatedly, over a specified period, up to the amount of unused or repaid funds, with the unused part of the credit being increased by the amount repaid;

14) *(deleted)*;

15) **credit card** is a payment card which enables its consumer to withdraw cash and pay for goods and services on credit;

16) *(deleted)*;

17) **authorised overdraft facility** is an agreed amount of funds which a bank makes available to an account holder;

18) **overrunning** is an amount of funds which the account holder uses beyond the terms agreed with the bank;

19) **linked credit agreement** is a credit agreement which serves exclusively to finance the purchase of specific goods or a specific service and which forms a commercial unit with the contract for the sale of such goods or service; a commercial unit shall be deemed to exist where the creditor uses the services of the seller in connection with the conclusion of a credit agreement or the specific goods and/or service which are the subject of purchase are explicitly specified in that agreement;

20) **nominal interest rate** is an interest rate expressed as a fixed or variable percentage applied at the annual level to the amount of funds drawn under the credit, and/or to the amount of net leasing financing, and/or to the received deposit;

21) **annual effective interest rate** and **effective lease rate** (hereinafter: effective interest rate) express the total cost of credit and other financial services paid and/or received by the consumer of these services, expressed as a percentage of the total amount of these services on an annual level;

22) **repayment** and/or **payment schedule** is a schedule showing chronologically all cash flows, intended to provide information to the consumer and enable updated monitoring of his liabilities under a credit agreement and/or leasing agreement and/or his claims under a deposit agreement;

23) **durable medium** is any instrument which enables the consumer to store information referring to him, to access this information and to reproduce it in unchanged form for a period of time adequate for the purposes of information storage;

24) **professional care** is increased attention and skill reasonably expected in legal transactions from the provider of a financial service in dealing with the consumers, in

accordance with professional standards, best business practices and principle of good faith and honesty;

25) **representative example** is an example which specifies all elements necessary for the presentation of terms under which a specific financial service is used.

Scope

Article 3

The provisions of this Law shall not apply to:

- 1) leasing agreements which do not provide the option for the lessee to acquire ownership of the leasing object;
- 2) credit agreements and/or financial arrangements concluded within the settlement procedure before a court or another government body;
- 3) credit agreements and/or financial arrangements which relate to deferred payment, free of charge, of an existing debt;
- 4) credit agreements and/or financial arrangements free of interest and any other charges and credit agreements and/or financial arrangements under which the credit has to be repaid within three months and/or which provide for deferred payment for a period of up to three months and include payment of only insignificant charges;
- 5) credit agreements and/or financial arrangements secured by lien on personal property, if the liability of the consumer is limited to the value of the pledged item;
- 6) agreements on financial arrangements with continuous performance, by which the vendor undertakes to supply a certain kind of goods and/or provide a certain service to the consumer over a longer period, and the consumer undertakes to pay the price in instalments over the period of goods supply and/or service provision.

Relationship with other regulations

Article 4

Issues concerning consumer protection that are not regulated by this Law shall be subject to the provisions of regulations governing bank operations, financial leasing and personal data protection, as well as the provisions of the law regulating contracts and torts.

The provisions of the law governing payment services shall apply to the protection of payment service consumers and electronic money holders, while the provisions of this Law concerning credits and authorised overdraft facilities and/or credit cards shall also apply to the protection of consumers of credits and authorised overdraft facilities granted by payment service providers and electronic money issuers, as well as to the protection of credit card consumers.

The provisions of this Law governing the rights and obligations of a bank as the provider of credit and authorised overdraft facility and the issuer of a credit card shall also apply to other payment service providers and electronic money issuers when rendering the services of provision of credit or authorised overdraft facility and/or issuing of credit cards in accordance with the law governing payment services.

Paragraph 2 hereof notwithstanding, the provisions of this Law concerning the protection of rights and interests of consumers shall apply to the procedures for the protection of rights and interests of payment service consumers and electronic money holders, including consumers of credit and authorised overdraft facility granted by payment service providers and electronic money issuers, as well as of credit card consumers.

Article 5

The main principles of consumer protection within the meaning of this Law shall be the following:

- 1) the right to an equitable relationship with the financial service provider,
- 2) the right to protection against discrimination,
- 3) the right to be informed,
- 4) the right to defined or definable contractual obligations,
- 5) the right to protection of rights and interests.

Advertising

Article 6

Financial services shall be advertised in a clear and understandable manner, and advertisement shall not contain incorrect information and/or information misleading about the terms under which the consumer uses these services.

The National Bank of Serbia may prescribe detailed requirements regarding advertising of financial services.

Rules of contracting

Article 7

A financial service agreement (hereinafter: agreement) shall be drawn up in writing or on another durable medium.

Each contracting party shall receive a copy of the agreement.

The agreement shall not contain provisions by which the consumer waives the rights guaranteed by this Law.

The financial service provider shall keep in the file of each consumer the agreement and the agreement documentation relating to such consumer (offer, draft agreement, summary of compulsory elements, repayment/payment schedule, annex to the agreement containing new repayment schedule, notifications, reminders, etc.).

Article 8

The contractual obligation must be defined and/or definable.

The pecuniary contractual obligation shall be deemed definable as regards its amount if it depends on agreed variable and/or variable and fixed elements, where variable elements are those that are officially published (reference interest rate, consumer price index, etc.).

The pecuniary contractual obligation shall be deemed temporally definable if the time when it falls due can be established on the basis of agreed elements.

The elements referred to in paragraphs 2 and 3 hereof shall be of such nature that they cannot be affected by unilateral will of any of the parties.

The bank and/or lessor shall display daily on their business premises where they offer services to consumers and on their Internet page the information about the values of the agreed variable elements referred to in paragraph 2 hereof.

The agreements shall not contain reference to business policy and other acts of the financial service provider with respect to elements of the agreement stipulated as compulsory under this Law.

The financial service provider shall determine the pecuniary contractual obligation in the manner laid down in this Article.

General terms of business

Article 9

For the purposes of this Law, general terms of business of financial service providers shall mean the terms of business applicable to consumers, terms for establishment of relationship between the consumer and the financial service provider and the procedure for their mutual communication, as well as the terms for transactions between the consumer and provider of the service concerned.

Through general terms of business, the financial service provider shall ensure the application of good business customs, good business practices and fair treatment of the consumer, as well as compliance of these terms with regulations.

The general terms of business also include acts establishing fees and other costs charged to consumers by the financial service provider (e.g. fee schedule).

Article 10

The financial service provider shall provide to consumers, in a visible place on the business premises where services are offered to consumers and on its Internet page, an option to learn about its general terms of business in the Serbian language, at least 15 days prior to their application.

The financial service provider shall provide the consumer with relevant explanations and instructions regarding the application of general terms of business in respect of a specific financial service and shall also provide him with these terms, on request, in writing or on another durable medium, without delay.

Annual effective interest rate

Article 11

The effective interest rate is a discount rate which equates, on an annual basis, the present values of all cash flows and/or present values of all cash receipts with the present values of all cash expenses relating to the use of financial services, which are known at the time of disclosing this rate.

Cash flows referred in paragraph 1 hereof shall include:

- all credit repayments/drawdowns and lease/deposit payments;
- costs payable by the financial service consumer (e.g. interest, fees, taxes, etc.) and/or benefits to be received by the consumer (interest and other unconditional benefits);
- costs relating to ancillary services which are prerequisite for the use of a financial service and/or for its use in a specific manner (e.g. costs of life assurance, property and personal insurance, etc.).

If the opening of an account is a prerequisite for the use of a financial service, cash flows referred to in paragraph 1 hereof shall include the costs of opening and maintaining that account, as well as all costs relating to the execution of such cash flows.

Cash flows referred in paragraph 1 hereof shall not include:

- costs incurred due to a breach of contractual provisions;
- costs relating to purchase of goods incurred irrespective of whether the payment is in cash or otherwise.

The effective interest rate calculation shall be based on the following assumptions:

- that the financial service agreement will remain in force during the period agreed;
- that the parties will fulfil their respective contractual obligations and that they will do so within the deadlines specified in the agreement;
- that the nominal interest rate and other costs will remain unchanged throughout the duration of the agreement.

The bank and the lessor shall calculate the effective interest rate in the single, prescribed manner to allow comparison of the same type of offers of different financial service providers.

The National Bank of Serbia shall define detailed conditions and manner of effective interest rate calculation.

Right of withdrawal

Article 12

The consumer shall have the right to withdraw from a credit agreement, agreement on authorised overdraft facility, agreement on issuing and use of a credit card, leasing agreement and financial arrangement – within 14 days from the date of conclusion of such agreement, without giving any reason for withdrawal.

In case of a credit agreement secured by a mortgage and in case of agreements the subject-matter of which is the purchase and/or financing of purchase of real estate, the consumer may withdraw from the agreement provided he has not started to use the credit and/or financing.

When withdrawing from the agreement referred to in paragraph 1 hereof, and prior to expiry of the term referred to therein, the consumer shall notify the bank, the lessor, and/or the vendor of his intention, in the manner that ensures confirmation of receipt of that notification, where the date of receipt of that notification shall be considered the date of withdrawal from the agreement. This notification shall be delivered in writing or on another durable medium.

The consumer who withdraws from the credit agreement, agreement on authorised overdraft facility or agreement on issuing and use of a credit card shall immediately, and not later than 30 days from the dispatch of the notification referred to in paragraph 3 hereof, repay to the bank the principal and interest accrued under the main deal for the period the credit has been used.

The consumer who withdraws from the leasing agreement with an option to buy the leasing object shall return the leasing object to the lessor immediately after dispatching the notification referred to in paragraph 3 hereof. The consumer referred to in the present paragraph shall immediately, and not later than 30 days from the dispatch of the notification referred to in paragraph 3 hereof, compensate the lessor for any loss sustained through value reduction of the leasing object and shall pay the agreed interest under the main deal for the period between the conclusion of the agreement and the date when the interest is paid.

The consumer who withdraws from the financial arrangement with a vendor shall immediately return the object of purchase to the vendor. The consumer referred to in the

present paragraph shall immediately, and not later than 30 days from the dispatch of the notification referred to in paragraph 3 hereof, compensate the vendor for any loss sustained through value reduction of the object of sale and shall pay the agreed interest under the main deal for the period between the conclusion of the sales agreement and the date when the interest is paid.

Service providers shall not be entitled to any other compensations except compensations referred to in paragraphs 4 to 6 hereof and costs incurred with competent authorities, and in the case referred to in paragraph 2 hereof – the bank shall be entitled to reimbursement of actual costs incurred in connection with the conclusion of the credit agreement.

The consumer shall be informed of actual costs referred to in paragraph 7 hereof before the conclusion of the credit agreement.

If service providers referred to in paragraph 3 hereof or a third party on the basis of an agreement with such providers also supply ancillary services relating to financial services referred to in paragraphs 1 and 2 of that Article, the consumer shall no longer be bound by the ancillary service contract if the consumer exercises his right of withdrawal from the main agreement in accordance with this Article.

Right to be informed

Article 13

The consumer shall have the right to obtain from the financial service provider, in writing or on another durable medium, free of charge, information, data and instructions relating to his contractual relationship with the provider, in the manner and within the deadlines specified by the agreement.

Minimum professional competence requirement

Article 14

Employees engaged in the sale of financial services or in advising consumers shall possess adequate qualifications, knowledge and experience, professional and personal qualities, act in accordance with good business customs and professional ethics, respect the consumer's person and integrity and inform consumers fully and accurately of the terms for use of these services.

Financial service providers shall ensure that employees engaged in the sale of these services or in advising consumers possess adequate qualifications and shall arrange for training of these employees.

Chapter II

BANKING SERVICES AND LEASING

Section 1

Information preliminary to the conclusion of an agreement

1. Advertising

Article 15

When advertising deposit and credit services and leasing operations where the advertising message indicates an interest rate or any figures relating to the price or income,

the bank and the lessor shall specify clearly and precisely, by means of a representative example:

- type of deposit/credit/leasing object;
- level and variability of the annual nominal interest rate;
- effective interest rate;
- currency in which the deposit/credit/leasing is agreed;
- period for which the deposit/credit/leasing is agreed;
- criteria for deposit/credit/leasing indexation;
- total amount of deposit/credit;
- all costs payable by the consumer.

In advertisements for leasing, in addition to information referred to in paragraph 1 hereof, the lessor shall also specify the following information:

- gross purchase value of the leasing object, the amount of front payment and the amount of net financing;
- number and amount of leasing instalments, as well as the period in which they are due (monthly, quarterly, etc.).

In advertisements referred to in paragraphs 1 and 2 hereof, the amount of the effective interest rate should be indicated and/or written in such a way as to be more prominent than other elements.

Advertising referred to in paragraphs 1 and 2 hereof shall mean advertising within the meaning of the law regulating advertising – advertising in public media, on the premises of the bank and lessor (brochures, promotional leaflets, etc.) and/or on the Internet page.

Article 16

Where the conclusion of a contract on ancillary services (insurance contract, in particular) is compulsory for the conclusion of a credit agreement, agreement on authorised overdraft facility, agreement on issuing and use of a credit card or leasing agreement, and the cost of such ancillary service cannot be determined in advance, the obligation to enter into such contract shall be disclosed in a clear, concise and prominent way, along with the effective interest rate.

If the advertisement is for credit, authorised overdraft facility, credit card or leasing whose nominal interest rate is 0%, all conditions of granting the credit/authorised overdraft facility/credit card/leasing shall also be indicated.

When advertising credit, authorised overdraft facility, credit card or leasing, terms such as ‘free’ or similar shall not be used if the granting of such credit/authorised overdraft facility/credit card/leasing is contingent on the conclusion of another contract or anything that represents a cost for the consumer or creates another obligation.

2. Pre-contractual information to the consumer

Article 17

The bank and the lessor shall provide the consumer with information on and suitable explanations of the conditions that apply to the deposit, credit or leasing agreement, authorised overdraft facility agreement, and/or the agreement on issuing and use of a credit card for which he has shown interest (hereinafter: offer) in the manner that will not mislead

the consumer at any time and that will enable him to compare the offers of different providers of the same service and assess whether these conditions suit his needs and financial situation.

The bank and the lessor shall offer the service to the consumer in dinars, unless the consumer requests the service to be offered in the dinar equivalent value of a foreign currency and/or in a foreign currency, in accordance with the regulations governing foreign exchange operations. The bank and the lessor shall indicate to the consumer in writing the risks he assumes when the service is provided in the dinar equivalent value of a foreign currency and/or in a foreign currency.

The National Bank of Serbia shall prescribe in which foreign currency a bank and/or lessor may offer and grant to the consumer, and/or index, a credit, leasing and credit card – if the consumer requires the service to be offered in the dinar equivalent value of a foreign currency and/or in a foreign currency in accordance with paragraph 2 hereof.

The offer shall be supplied on the prescribed form, on paper or another durable medium and shall include:

- 1) type of service;
- 2) business name and address of the service provider;
- 3) total amount of deposit, credit, and/or financial leasing arrangement and terms of use;
- 4) currency in which the deposit/credit/leasing is agreed;
- 5) duration of the agreement;
- 6) level and variability of the nominal interest rate;
- 7) elements for determining the agreed variable interest rate, their level at the time of conclusion of the agreement, periods in which they will be adjusted and the method of adjustment, as well as a fixed element, if agreed;
- 8) the effective interest rate and the total amount payable by the consumer and/or to be paid to the consumer, illustrated by means of a representative example indicating all elements used in calculating that amount;
- 9) number and amount of credit instalments and/or leasing instalments, as well as periods in which they fall due (monthly, quarterly, etc.);
- 10) type and level of all fees and other costs charged to the borrower, with indication whether they are fixed or variable, and in the latter case – periods in which they will be adjusted and the method of adjustment;
- 11) *(deleted)*;
- 12) obligation, if any, to enter into an ancillary service contract relating to the credit and/or leasing agreement (e.g. insurance contract, etc.), where the conclusion of such contract is compulsory in order to obtain the credit under the advertised terms;
- 13) interest rates applicable in case of late payments;
- 13a) conditions and manner of contract termination, particularly for offers of contracts concluded for an indefinite period of time;
- 14) warning regarding the consequences of missing payments;
- 15) collaterals required;
- 16) consumer's right of withdrawal from contract, conditions and manner of withdrawal and the amount of any associated costs;

17) right of early repayment of the credit/leasing and use of the credit card and the bank's and/or lessor's right to compensation and the amount of such compensation;

18) information that the consumer is entitled to be informed of the result of a database consultation carried out for the purposes of assessing his creditworthiness and that such information is free of charge in the case referred to in Article 18, paragraph 3 hereof;

19) right of a consumer who intends to enter into an agreement with a bank and/or lessor to be supplied with a copy of the draft agreement free of charge, provided the bank/lessor is willing to enter into this agreement at the time of the request;

20) period of time during which the bank/lessor is bound by the information from the offer.

In addition to the information referred to in paragraph 4 hereof, the offer referring to a leasing service shall include:

1) gross acquisition value of the leasing object;

2) amount of front payment;

3) data on the obligation of insuring the leasing object;

4) amount of costs for registering the agreement with the Business Registers Agency, payable by the consumer after the conclusion of the leasing agreement;

5) terms and conditions for exercising the option to buy the leasing object/extend the leasing agreement.

The offer for concluding an agreement on authorised overdraft facility shall contain the elements referred to in paragraph 4, items 1, 2, 3, 5, 6, 7, 8, 10, 13, 18, 19 and 20 hereof, as well as the conditions and procedure for termination of this agreement and information on the cases when the consumer may be required to fully repay the authorised overdraft facility.

A bank and/or lessor shall inform the consumer who intends to enter into an agreement with it that he may obtain, upon request and free of charge, the draft agreement concerned, as a proposal for its conclusion.

Paragraph 4 hereof notwithstanding, in case of agreement on issuing and use of a credit card, the information to be submitted to the consumer in the pre-contractual stage shall include information and/or elements referred to in Article 22 hereof, as well as information which the payment service provider is required to submit in the pre-contractual stage pursuant to the law regulating payment services.

Prior to concluding a credit agreement or an agreement on issuing and use of a credit card, the bank is obliged to submit the offer and/or information and draft agreement to the person intending to provide collateral (warranty, bill of exchange, wage garnishment, etc.), except for credits where the consumer of the credit is at the same time the owner of the item pledged and/or mortgaged or is to become the owner of such item under the purchase/sale transaction for the realization of which the credit is to be granted.

If the lessor's terms of financing are presented by a third person, the lessor shall be obliged to conclude with such person a contract on business cooperation binding such person to present these terms in the same manner as the lessor.

The National Bank of Serbia shall prescribe the layout and content of the forms for the presentation of the offer to the consumer, and it may also prescribe in detail the manner in which the bank and the lessor are required to indicate to the consumer in writing the risks assumed when the service is provided in the dinar equivalent value of a foreign currency and/or in a foreign currency, as well as the content of such indication.

3. *Obligation to assess consumer's creditworthiness*

Article 18

Before entering into a credit agreement, authorised overdraft facility agreement, agreement on issuing and use of a credit card or leasing agreement, the bank and/or lessor shall assess the consumer's creditworthiness on the basis of data furnished by the consumer and by consulting the database on consumer indebtedness subject to consumer's prior written consent.

If the contracting parties agree to increase the consumer's indebtedness, the bank and/or lessor shall reassess the consumer's creditworthiness.

If the application for credit, authorised overdraft facility, issuing of a credit card or leasing is rejected on the basis of consultation of the database referred to in paragraph 1 hereof, the bank and/or lessor shall notify the consumer immediately, in writing and free of charge, of the particulars of the database consulted.

The database referred to in paragraph 1 hereof shall contain the data to the processing of which the consumer gave prior written consent, especially data on his debts to financial institutions and the regularity of settlement of liabilities arising from the use of financial services.

To ensure reliability of the database referred to in paragraph 1 hereof, the bank and the lessor shall regularly submit and update the data kept in the database, and shall be responsible for their accuracy.

Section 2

Contents of agreements on banking services and leasing

1. *Credit agreement*

Article 19

A credit agreement shall contain the following compulsory elements:

- 1) type of credit;
- 2) duration of the credit agreement;
- 3) business name, name and address of contracting parties;
- 4) approved credit amount and terms of drawdown;
- 5) for credits indexed to a foreign currency – currency of indexation, indication that the official middle exchange rate shall be applied for granting and repayment of the credit, and the date of calculation;
- 6) nominal interest rate, with indication whether it is fixed or variable, and if it is variable – elements for its determination (reference interest rate, consumer price index, etc.), their level at the time of conclusion of the agreement, periods in which they will be adjusted, as well as the fixed element, if agreed;
- 7) effective interest rate and total amount payable by the consumer, calculated on the date of conclusion of the agreement;
- 8) credit repayment schedule and consumer's right to receive such schedule free of charge throughout the duration of the agreement in case it is changed, and/or once a year provided no changes in the schedule occurred; if interest and charges are repaid without concurrent repayment of principal, the credit repayment schedule shall contain only the terms and conditions for the repayment of interest and charges;

9) method of interest calculation (compound interest method, pro-rata interest method, etc.);

10) information on the interest rate applicable in case of late payment in accordance with this Law;

11) warning of consequences in case of default, conditions, procedure and consequences of termination and/or cancellation of the credit agreement in accordance with the law governing contracts and torts, as well as information on the conditions and manner of assignment of claims in the event of default;

12) type and level of all fees and other costs charged to the borrower, with indication whether they are fixed or variable, and in the latter case – periods in which they will be adjusted, as well as the type and level of other costs (taxes, fees to competent bodies, etc.);

13) types of collateral, possibility of their replacement during the period of credit repayment, as well as conditions for their enforcement in the event of default;

14) conditions and manner of early credit repayment and amount of relevant compensation;

15) consumer's right to withdraw from the agreement, conditions and manner of such withdrawal;

16) right to complaint and the possibility to institute mediation proceedings for out-of-court settlement of the dispute;

17) address of the National Bank of Serbia as the authority in charge of bank supervision.

In addition to elements referred to in paragraph 1 hereof, the linked credit agreement shall also contain a designation of the goods or service concerned, their cash price and notification of termination of the linked agreement in case when the consumer exercises the right to withdrawal from the agreement.

For credit agreements – the interest rate, fees and other charges, if variable, must depend on agreed elements that are publicly disclosed (reference interest rate, consumer price index, etc.) and are of such nature that the change in their value cannot be affected by unilateral will of any of the contracting parties.

On concluding the credit agreement, the bank shall deliver to the consumer a copy of the credit repayment schedule and a summary of compulsory credit elements, containing main data on the credit. The bank shall keep a second copy of this schedule and/or summary of main elements in its records.

After the conclusion of the credit agreement, the bank shall forward to any person providing collateral (hereinafter: provider of collateral) a copy of the agreement including the repayment schedule and summary of compulsory elements, unless the consumer is at the same time the provider of collateral or is to become the owner of the item mortgaged or otherwise pledged under the purchase/sale transaction for the realization of which the credit was granted.

2. Agreement on authorised overdraft facility

Article 20

The authorised overdraft facility agreement shall contain the elements referred to in Article 19, paragraph 1 of this Law, except for the elements referred to in items 5) and 8) of the above paragraph, as well as the data about cases in which the consumer may be required to repay the overdraft facility in full and the indication of the consumer's right to early repayment of the overdraft facility at any time free of charge.

For agreements referred to in paragraph 1 hereof – the interest rate, fees and other charges, if variable, must depend on agreed elements that are publicly disclosed (reference interest rate, consumer price index, etc.) and which are of such nature that the change in their value cannot be affected by unilateral will of any of the contracting parties.

At the time of conclusion of the agreement referred to in paragraph 1 hereof, the bank shall, along with the agreement, deliver to the consumer a copy of the summary of compulsory elements of authorised overdraft facility, containing main data on the overdraft facility. The bank shall keep a second copy of this summary in its records.

After the conclusion of the authorised overdraft facility agreement, the bank shall also forward to the provider of collateral a copy of the agreement including a summary of compulsory elements of the authorised overdraft facility, unless the consumer and the provider of collateral are one and the same person.

3. Leasing agreement

Article 21

A leasing agreement shall contain the following compulsory elements:

- 1) gross acquisition value of the leasing object (sum of the value at which the lessor obtained the right of ownership of the leasing object and the value added tax);
- 2) the amount of front payment (the amount which the consumer pays to the lessor and which is expressed as a ratio to the gross acquisition value of the leasing object);
- 3) the amount of net financing (the difference between the gross acquisition value of the lease object and front payment);
- 4) number and amount of leasing instalments, as well as the period in which instalments fall due;
- 5) the remaining value of the leasing object (the part of the amount of net financing which can be agreed and which the lessee does not repay through leasing instalments, but once-off, after the expiry of the period of the lease agreement, if the agreement provides for the right of the lessee to buy the leasing object);
- 6) for leasing indexed to a foreign currency – currency of indexation, indication that the official middle exchange rate shall be applied for granting and repayment of leasing, and the date of calculation;
- 7) nominal interest rate, with indication whether it is fixed or variable, and if it is variable – elements for its determination (reference interest rate, consumer price index, etc.), their level at the time of conclusion of the agreement, periods in which they will be adjusted, as well as a fixed element, if agreed;
- 8) effective interest rate and the total amount payable by the consumer, calculated on the date of conclusion of the agreement;
- 9) information concerning the obligation to insure the leasing object;
- 10) right to buy the leasing object/extend the agreement;
- 11) conditions and manner of early repayment and amount of relevant compensation;
- 12) method of interest calculation (compound interest method, pro-rata interest method, etc.);
- 13) interest rate applicable in case of late payment in accordance with this Law;
- 14) type and level of all fees charged to the lessee, with indication whether they are fixed or variable, and in the latter case – periods in which they will be adjusted, as well as the type and level of other charges (taxes, fees to competent authorities, etc.);

15) types of collateral, possibility of their replacement during the period of leasing repayment, as well as conditions for enforcement of collateral in the event of default;

16) information of the lessor's right to sell the leasing object;

17) conditions, procedure and consequences of termination of the leasing agreement, as well as information on the condition and manner of assigning claims in the event of default;

18) consumer's right to withdraw from the agreement, conditions and manner of such withdrawal;

19) right to complaint and the possibility to institute mediation proceedings for out-of-court settlement of the dispute;

20) address of the National Bank of Serbia as the authority in charge of leasing supervision.

For the leasing agreement – the interest rate, fees and other charges, if variable, must depend on agreed elements that are publicly disclosed (reference interest rate, consumer price index, etc.) and are of such nature that the change in their value cannot be affected by the unilateral will of any of the contracting parties.

At the time of conclusion of the leasing agreement, the lessor shall, along with the agreement, deliver to the consumer a copy of the leasing repayment schedule and a summary of compulsory leasing elements, containing the main data on the leasing. A second copy of such schedule and/or summary shall be kept by the lessor in its records.

4. Agreement on issuing and use of a payment card

Article 22

In addition to the elements of the framework agreement established by the law governing payment services, the agreement on issuing and use of a credit card shall also contain the following compulsory elements:

1) amount of approved funds that may be used by the consumer within a given period (credit limit);

2) if the credit limit is approved and calculated in a foreign currency – an indication of the currency;

3) maturity date and percentage of minimum monthly payment obligation;

4) nominal interest rate, with an indication whether it is fixed or variable and, if variable, elements for its determination (reference interest rate, consumer price index, etc.), their level at the time of conclusion of the agreement, periods in which they will be adjusted, as well as the fixed element, if agreed;

5) effective interest rate;

6) interest calculation method to be applied (compound interest method, pro-rata interest method, etc.);

7) information on the interest rate applicable in case of late payment in accordance with this Law;

8) types of collateral, possibility of collateral replacement during the period of credit repayment, as well as the conditions for enforcement of collateral in the event of default on obligations;

(9) consumer's right to withdraw from the agreement, and the conditions and manner of such withdrawal, in accordance with Article 12 hereof;

(10) right to early repayment of obligations on a credit card, free of charge;

(11) possible obligation to conclude an agreement on ancillary services relating to the agreement on issuing and use of a credit card (e.g. insurance agreement).

Upon conclusion of the agreement on issuing and use of a credit card, the bank shall deliver to the provider of collateral a copy of such agreement including a summary of compulsory elements, unless the credit card consumer and the provider of collateral are one and the same person.

5. Agreement on deposit

Article 23

A deposit agreement shall contain the following compulsory elements:

- 1) type of deposit and the period for which the bank receives the deposit;
- 2) deposit amount;
- 3) currency in which the consumer deposits and the bank pays deposit funds (dinar or other) and, in case of a deposit with an agreed currency clause, the type of currency applicable at the time of depositing and/or payment of deposit (the official middle exchange rate) and date of calculation;
- 4) payment schedule;
- 5) nominal annual interest rate, with indication whether the consumer is due to pay taxes;
- 6) effective interest rate and the total amount payable to the consumer, calculated on the date of conclusion of the agreement;
- 7) unconditional benefits provided by the bank in connection with the deposit;
- 8) variability of the nominal interest rate (fixed or variable);
- 9) elements for determining the agreed variable nominal interest rate, their level at the time of conclusion of the agreement, periods in which they will be adjusted and method of adjustment, as well as the fixed element, if agreed;
- 10) interest calculation method (compound interest method, pro-rata interest method, etc.);
- 11) terms and conditions of using deposit funds by the consumer;
- 12) type and level of all fees and other costs charged to the depositor, with indication whether they are fixed or variable, and in the latter case – periods in which they will be adjusted, as well as the type and level of other costs (taxes, fees to competent bodies, etc.);
- 13) conditions and manner of automatic extension of the depositing period;
- 13a) conditions and manner of termination of agreements concluded for an indefinite period of time;
- 14) insured deposit amount;
- 15) right to complaint and the possibility to institute mediation proceedings for out-of-court settlement of the dispute;
- 16) address of the National Bank of Serbia as the authority in charge of bank supervision.

For the deposit agreement – fees and other charges, if variable, must depend on agreed elements that are publicly disclosed (reference interest rate, consumer price index, etc.) and are of such nature that the change in their value cannot be affected by unilateral will of any of the contracting parties.

At the time of conclusion of the deposit agreement, the bank shall, along with the agreement, deliver to the consumer a copy of the deposit payment schedule and a summary of compulsory deposit elements, containing main data on the deposit. The bank shall keep a second copy of this schedule and/or summary of main elements in its records.

In case of automatic extension of the deposit term, the bank shall notify the consumer, at least 15 days before the expiry of the term of deposit, of the new extended term of deposit and of the new interest rate, and the consumer shall be entitled to terminate the contract within 30 days from the day of receipt of such notification, free of charge and with interest agreed for the expired term.

(Title deleted.)

Article 24

(deleted)

6. Form of the repayment/payment schedule and summary of compulsory credit/leasing/ deposit payment elements

Article 25

The National Bank of Serbia shall prescribe the form and content of the credit/leasing repayment and deposit payment schedule and the summary of compulsory credit/leasing/deposit payment elements.

7. Variable nominal interest rate

Article 26

The variable nominal interest rate shall be the interest rate the level of which depends on agreed variable and/or variable and fixed elements, where variable elements are those that are officially published (reference interest rate, consumer price index, etc.).

The elements referred to in paragraph 1 hereof shall be of such nature that they cannot be affected by the unilateral will of any of the parties.

The bank and/or lessor shall determine the nominal interest rate in the manner laid down in the provisions hereof.

8. Agreement on other banking services

Article 27

Agreements on issued sureties and/or guarantees, agreement on safe deposit box and agreements on other banking services shall contain the type and level of all fees and other costs charged to the consumer.

S e c t i o n 3

Consumer notification during the contractual relationship

1. Changes to compulsory elements of the agreement

Article 28

If a bank or a lessor intends to change any of the compulsory elements of the agreement, it shall obtain prior written consent of the consumer. If the consumer does not

agree with the change, this cannot be the reason for the bank and/or lessor to unilaterally change the terms of the agreement, or to unilaterally terminate and/or cancel the agreement.

Paragraph 1 hereof notwithstanding, if the level of the fixed interest rate or the fixed element of the variable interest rate, and/or the amount of fees and other costs are changed in favour of the consumer, such changes may be applied immediately and without prior consent of the consumer.

In the case referred to in paragraph 2 hereof, the bank and/or lessor shall notify the consumer without delay of the changes referred to in that paragraph in writing or on another durable medium, stating in such notification the date as of which these changes shall apply.

If the level of the fixed interest rate or the fixed element of the variable interest rate is changed in favour of the consumer, along with the notification from paragraph 3 hereof, the consumer shall also be supplied with the changed credit/leasing repayment schedule and/or deposit payment schedule.

2. Notification on the variable nominal interest rate

Article 29

If a variable nominal interest rate has been agreed, the bank and/or lessor shall notify the consumer of the change in that rate in writing or on another durable medium, before it starts to implement the changed rate, and/or periodically in accordance with the agreement, and shall specify in such notification the date as of which such changed rate applies.

Along with the notification referred to in paragraph 1 hereof, the bank, in the case of a credit agreement, and/or the lessor, in the case of a leasing agreement, shall deliver to the consumer in writing or on another durable medium the modified credit repayment schedule and/or leasing object repayment schedule.

The bank and/or the lessor shall make the schedules referred to in paragraph 2 hereof available to the consumer, at his request and free of charge, throughout the duration of the agreement.

The notification obligation referred to in paragraph 1 hereof shall also exist in case of changes to variable elements that influence the amount of other pecuniary obligations.

3. Changes to other elements of the agreement

Article 30

The bank and/or lessor shall notify the consumer in due time and in the agreed manner of any changes in the data that do not constitute compulsory elements of the agreement within the meaning of this Law.

4. Notification on outstanding debt and account overdraft

Article 31

The bank and/or lessor shall deliver to the consumer on a six-month basis and free of charge a notification on outstanding debt under a credit and/or leasing agreement.

The notification referred to in paragraph 1 hereof shall contain information about the amount of principal, interest, fees, etc., disclosed on an individual basis, as well as information about total balance of debt on the specified date.

In the case of authorised overdraft facility, the bank shall deliver to the consumer, at least once a month and free of charge, in writing or on another durable medium, notification –

statement of account showing all transactions in the account and shall, at the request of the consumer, deliver such notification to the consumer without delay, reserving the right to charge a fee for such service in accordance with the bank's acts.

The notification referred to in paragraph 3 hereof must contain the following data:

- 1) account number,
- 2) period to which the statement of account refers,
- 3) date of transaction, description of transaction, amount and type of transaction (account credit or debit),
- 4) previous and current balance of account and date of the account statement,
- 5) nominal interest rate applied,
- 6) any charges and costs.

In the event of a significant overrunning lasting longer than one month, the bank shall notify the consumer without delay, in writing or on another durable medium, of:

- 1) the amount of the overrunning,
- 2) the interest rate to be applied to the amount of the overrunning,
- 3) any other charges, costs and contractual penalties.

5. Arrears

Article 32

If the consumer fails to fulfil his obligation within the agreed time, rules of interest applied in case of debtor's delay, laid down by the law regulating contracts and torts, shall apply to such past due liability.

If circumstances placing the consumer in a difficult financial situation and/or other significant events beyond the influence of the consumer occur during the period of the agreement, the bank and/or lessor may, at the consumer's request, declare suspension of repayment (moratorium) for a specified period of time in which the bank and/or lessor shall not calculate default interest on past due claims.

The bank and/or lessor may, by their internal acts, lay down criteria for declaring the suspension of repayment.

S e c t i o n 4

Special rights

1. Rights referring to revolving credit agreement

Article 33

The consumer may terminate a revolving credit agreement at any time, in the usual manner and free of charge, unless a notice period of no longer than one month has been agreed.

If that has been agreed, the bank may terminate a revolving credit agreement by giving notice of termination to the consumer in writing or on another durable medium at least two months earlier.

If that has been agreed, the bank may, due to justified reasons (unauthorised use of credit, significant deterioration in the consumer's creditworthiness and similar), deprive the consumer of the right to draw down funds, but shall notify the consumer of the reasons for such deprivation in writing or on another durable medium, if possible without delay or within the next three days, except when the provision of such notification is prohibited by other regulations.

2. Right to application of the same type of exchange rate

Article 34

When approving a credit indexed to a foreign currency, the bank shall apply the official middle exchange rate applied to credit repayment.

The provision of paragraph 1 hereof shall accordingly apply to leasing agreement and/or deposit agreement.

3. Right to the same method of interest calculation

Article 35

If the consumer has an obligation to make a special-purpose deposit with an agreed interest rate in order to obtain credit, he shall be entitled to the same method of interest calculation on such deposit as the method applied to calculation of interest on the amount of the approved credit, and the bank shall enable the consumer to exercise this right.

4. Early repayment

Article 36

The consumer shall be entitled to discharge fully or partially his obligations under a credit agreement at any time, in which case he shall be entitled to a reduction in the total cost of the credit by the amount of interest and costs for the remaining duration of the contract (early repayment).

The bank may negotiate a compensation for early credit repayment if a fixed nominal interest rate is agreed for the early repayment period, and, in the case of credit agreement the subject of which is the purchase of real estate, if a fixed or variable nominal interest rate is agreed.

The compensation referred to in paragraph 2 hereof may be agreed up to the amount of loss sustained due to early repayment, but may not exceed 1% of the amount of credit repaid early, if the period of time between such early repayment and the agreed term for the fulfilment of obligation under the credit agreement exceeds one year; if the period is shorter, the compensation may not exceed 0.5% of the amount of credit repaid early.

The bank may request the compensation referred to in paragraph 2 hereof if the amount of early repayment exceeds RSD 1,000,000 within any twelve-month period.

The compensation referred to in paragraph 2 hereof may not be requested:

- if repayment has been made under an insurance contract intended to provide a credit repayment guarantee;
- in the case of authorised overdraft facility or credit card;

– if repayment is made within a time period for which a variable nominal interest rate is agreed, with the exception of credits the subject of which is purchase of real estate.

The compensation referred to in this Article shall in no case exceed the amount of interest the consumer would have paid during the period between the early repayment and the agreed date of fulfilment of the obligation under the credit agreement.

The damage referred to in this Article shall imply the difference between the interest agreed with the consumer and the market interest at which the bank can lend out the amount repaid early at the time of such early repayment, including administrative costs.

The provisions hereof shall also apply to a leasing agreement.

(Title deleted.)

Article 37

(deleted)

5a Right to retake possession of collateral

Article 37a

After full settlement of consumer's liabilities towards the bank under an agreement, the consumer and/or the provider of collateral shall have the right to retake possession of unused collateral provided under the agreement, including collateral entered in the relevant register.

The bank shall notify the consumer and/or the provider of collateral in writing about the full settlement of liabilities by the consumer under an agreement, within 30 days from the settlement of such liabilities.

The notification referred to in paragraph 2 hereof shall contain data on the agreement in respect of which liabilities towards the bank have been settled, the amount of such settled liabilities, signature of the responsible person and the bank's stamp.

(Title deleted.)

Article 38

(deleted)

7. Assignment of claims

Article 39

In the event of assignment of the bank's claim under a credit agreement to another bank, the consumer shall retain all agreed rights in relation to the assignee bank that he had in relation to the original bank, including the right to complaint, and the assignee bank may not

place the consumer in a less favourable position than the position he would have had if the claim had not been assigned and the consumer may not be subject to additional costs as a result of such assignment.

The bank may assign a claim under one agreement to one bank only.

The bank shall notify the consumer of the assignment of the claim referred to in paragraph 1 hereof.

The provisions hereof shall apply accordingly to the assignment of claims under a leasing agreement, agreement on authorised overdraft facility and agreement on issuing and use of a credit card.

A payment service provider and electronic money issuer other than a bank may assign claims under a credit agreement, agreement on authorised overdraft facility or agreement on issuing and use of a credit card only to a bank or another payment service provider and/or electronic money issuer.

The provisions of paragraphs 1 to 3 hereof shall apply accordingly to the assignment of claims from paragraph 5 of this Article.

The provisions of regulations on risk management of banks shall apply to the assignment of bank's claims on entrepreneurs and farmers.

S e c t i o n 5

Linked credit agreements

Article 40

If the consumer exercises his right to withdraw from the agreement on the purchase of goods and/or provision of service in accordance with the law regulating consumer protection, he shall not be bound by the linked credit agreement.

In the case referred to in paragraph 1 hereof, the seller shall notify the bank of the withdrawal from the agreement on the purchase of goods and/or provision of a service within eight days and the bank shall return to the consumer the repaid amount of credit with interest that the consumer has repaid to the bank by the time of withdrawal from the agreement, without delay and not later than 30 days after being notified of the withdrawal.

If an agreement on the purchase of goods and/or provision of a service is concluded, and the credit under a linked credit agreement is not approved, the agreement on the purchase of goods and/or provision of service shall be terminated, unless the person who has not been approved such credit decides to keep that agreement in force.

The provisions hereof shall accordingly apply to a leasing agreement.

S e c t i o n 6

Unfair business practices and contract terms

Article 41

The National Bank of Serbia may determine whether a financial service provider has engaged in unfair business practices or negotiated unfair contract terms.

The National Bank of Serbia may determine the circumstances referred to in paragraph 1 hereof based on own information, or grievances, complaints and notifications filed by consumers or other interested parties, as well as based on other available data.

When determining whether a financial service provider engaged in unfair business practices or negotiated unfair contract terms, the National Bank of Serbia shall accordingly apply the provisions of Article 43, paragraphs 3 to 6 and paragraph 8 of this Law.

If it determines that the financial service provider engaged in unfair business practices or negotiated unfair contract terms, the National Bank of Serbia shall issue a decision ordering termination of such business practices, and/or prohibiting the negotiating and application of unfair contract terms.

In the case referred to in paragraph 4 hereof, the National Bank of Serbia may also impose a fine in the amount of RSD 200,000 to 2,000,000, by accordingly applying Article 45 of this Law.

Unfair business practices and contract terms shall have the meaning defined in the law governing consumer protection.

S e c t i o n 7

Exercising consumer's rights and interests

1. Right to complain to the financial service provider

Article 42

The consumer shall be entitled to a written complaint (hereinafter: complaint) to the financial service provider if he thinks that the provider has failed to abide by this Law, other regulations governing these services, general terms of business or good business practices concerning these services or obligations under the agreement concluded with the consumer.

The consumer shall have the right to file a complaint within 3 years from the date of violation of his right or legal interest.

The provider of collateral shall also be considered a consumer within the meaning of paragraph 1 hereof.

The financial service provider shall submit in writing a clear and understandable reply to the complainant not later than 15 days from the receipt of the complaint, and the provider shall also indicate in the reply the complainant's right to lodge a complaint to the National Bank of Serbia in accordance with Article 43 of this Law.

Paragraph 4 hereof notwithstanding, if the provider of financial services is not able to reply within the deadline prescribed in that paragraph due to reasons beyond such provider's control, this deadline may be extended for another 15 days at most, of which the provider shall notify the complainant within 15 days from the date of receipt of such complaint.

In the notification referred to in paragraph 5 hereof, the financial service provider must state, in a clear and understandable manner, the reasons for which the provider was not able to submit a reply within 15 days from the receipt of the complaint as well as the final deadline for the submission of a reply in accordance with that paragraph.

The financial service provider may not charge any fees or any other costs to the complainant for its actions in response to the complaint.

On its business premises where services are offered to consumers and on its Internet page, the financial service provider shall provide an option for consumers to make a complaint and/or an option for the consumer or the provider of collateral to learn about the manner of making a complaint and actions in response to such complaint.

The National Bank of Serbia shall prescribe in more detail the manner of making a complaint and the manner in which the financial service provider shall act in response to such complaint.

1a Right to complain to the National Bank of Serbia

Article 43

If the complainant is not satisfied with the reply referred to in Article 42 of this Law or if the reply is not submitted within the deadline prescribed in that Article, the complainant may, before initiating court proceedings, lodge a written complaint with the National Bank of Serbia (hereinafter: complaint), should he deem that the financial service provider has not complied with the provisions of this Law, other regulations governing these services, general terms of business or good business practices concerning these services or obligations contained in the agreement concluded with the consumer and/or the complainant.

The complainant may lodge a complaint with the National Bank of Serbia within 6 months from the date of receipt of the reply or the expiry of the deadline referred to in paragraph 1 hereof.

Following receipt of a complaint, the National Bank of Serbia shall request the relevant financial service provider to make a representation regarding allegations from the complaint and to provide appropriate evidence within the deadline set by the National Bank of Serbia in such request, which may not be longer than 8 days from the date of receipt of such request.

Following the receipt of representation from the financial service provider and/or the expiry of the deadline referred to in paragraph 3 hereof, the National Bank of Serbia may request the provider to submit additional representations and/or to provide appropriate evidence within the deadline set in the request.

If the financial service provider does not respond within the prescribed period and/or does not provide evidence in accordance with paragraphs 3 and 4 hereof, the National Bank of Serbia may, regardless of further actions in response to the complaint, issue a decision to fine such provider with RSD 100,000, which fine shall be subject to the provisions of Article 45, paragraphs 5, 7 and 8 of this Law.

The National Bank of Serbia shall inform the complainant about its findings in respect of the complaint within 3 months from the date of receipt of the complaint, while, in complex cases, this period may be extended by another 3 months at most, of which the National Bank of Serbia is required to notify the complainant in writing before the expiry of the original deadline.

In the notification referred to in paragraph 6 hereof, the National Bank of Serbia shall indicate to the complainant the option of out-of-court settlement of the dispute with the financial service provider through mediation proceedings conducted in accordance with Article 44 of this Law.

The National Bank of Serbia shall prescribe in more detail the manner of lodging a complaint, as well as the manner of acting in response to such complaint.

2. Out-of-court dispute settlement

Article 44

If the complainant is not satisfied with the reply to the complaint or if the reply was not submitted within the prescribed deadline, the dispute between the complainant and the financial service provider may be resolved in out-of-court dispute settlement – through mediation proceedings.

After the initiation of mediation proceedings, the consumer may no longer lodge a complaint, except in case such mediation ended in suspension or abandonment, and, if a

complaint has already been lodged, the National Bank of Serbia shall suspend its actions in response to the complaint and/or discontinue such actions if mediation ended in settlement.

The deadline for lodging the complaint referred to in Article 43, paragraph 2 of this Law shall not run while mediation proceedings are ongoing.

Mediation proceedings shall be initiated where one of the parties in the dispute proposes mediation and the other party accepts it. The proposal must also contain a deadline for acceptance, which may not be shorter than 5 days from the date of proposal.

Mediation proceedings shall be confidential and urgent.

The parties in the dispute may decide to conduct mediation proceedings before the National Bank of Serbia or another body or person responsible for mediation.

Mediation proceedings before the National Bank of Serbia shall be free of charge for the parties involved.

Mediation proceedings shall be carried out by employees of the National Bank of Serbia – mediators, who have been appointed mediators by a decision of an authorised body in the Republic of Serbia, and/or who are licensed as mediators and included in the list of mediators.

Mediation proceedings may be concluded by settlement between the parties, suspension or abandonment.

The agreement reached between parties in mediation proceedings before the National Bank of Serbia shall be made in writing. This agreement shall have the power of an enforceable document if it contains a declaration of the debtor on acceptance of enforcement following maturity of a certain liability or fulfilment of a certain condition (enforceability clause), signatures of the parties and the National Bank of Serbia's confirmation of enforceability. The agreement need not be certified by a court or public notary.

The provisions of regulations governing mediation shall accordingly apply to the mediation procedure, unless otherwise established by this Law.

3. Measures to eliminate irregularities

Article 45

If the findings referred to in Article 43, paragraph 6 of this Law establish that the financial service provider has not complied with the provisions of this Law, other regulations governing financial services, general terms of business or good business practices concerning these services or obligations under the agreement concluded with the consumer, the National Bank of Serbia shall issue a decision ordering the financial service provider to eliminate the established irregularities and submit evidence thereof before the deadline specified in the decision.

If the findings referred to in paragraph 1 hereof establish that the financial service provider has committed violations referred to in Articles 50, 50a or 50b of this Law, and/or violations punishable under the law governing payment services by fines imposed in the procedure of protection of rights and interests of payment service consumers and electronic money holders, the National Bank of Serbia shall impose on the provider concerned, by virtue of the decision from paragraph 1 hereof, a fine referred to in the above mentioned Articles, and/or a fine established by the law governing payment services, at its discretion, based on the assessment of gravity of the established irregularities, conduct of the financial service provider and of the responsible persons of the provider and other relevant circumstances under which the irregularity came about.

If, in the case referred to in paragraph 2 hereof, the financial service provider fails to submit to the National Bank of Serbia evidence that irregularities have been eliminated within

the time limit established in the decision referred to in paragraph 1 hereof, the National Bank of Serbia shall issue a decision imposing a new fine on the provider, in the maximum amount of such fine established in Articles 50, 50a and 50b of this Law, and/or in the law governing payment services.

If the decision referred to in paragraph 1 hereof establishes that the financial service provider has violated the provisions of this Law, the law governing payment services, other regulations or general terms of business governing financial or payment services or good business practice concerning these services, for which no fines referred to in paragraph 2 hereof are imposed, and the financial service provider fails to submit to the National Bank of Serbia evidence of elimination of the irregularities within the deadline established in the decision, the National Bank of Serbia shall issue a decision imposing a fine on this provider in the amount of RSD 100,000.

The fine referred to in this Article shall be paid to the account of the National Bank of Serbia.

The National Bank of Serbia shall disclose to the public, on its Internet page and/or in another appropriate way, the information about the providers found not to be acting in accordance with this Law or the law governing payment services.

An administrative dispute may be initiated against the decision referred to in this Article but an action against this decision may neither prevent nor postpone its enforcement.

In administrative dispute proceedings against the decision referred to in this Article, a court may not decide upon an administrative matter which is within the competence of the National Bank of Serbia as stipulated by this Law.

The provisions of this Article shall not contest the power of the National Bank of Serbia to control and/or supervise, in accordance with the provisions of laws governing business operations of financial service providers, whether the providers of these services operate in accordance with this Law and other regulations governing financial services, or to take measures in case of established irregularities, or to impose fines in accordance with the above mentioned laws.

The control and/or supervision referred to in paragraph 9 hereof, including measures and fines referred to therein, may also be exercised by the National Bank of Serbia on the grounds of knowledge about irregularities performed by the financial service provider, gained in the course of acting in response to a complaint or in the course of conducting mediation proceedings in accordance with this Law.

4. The right to court protection

Article 46

Institution and conduct of mediation proceedings between the consumer and the service provider shall neither exclude nor affect the right to court protection, in accordance with law.

5. Specificities of financial service consumer protection if the provider of services comes from a member state or third country

Article 46a²

The protection of consumers of financial services rendered in the Republic of Serbia by a financial service provider from another member state of the European Union

² This article shall apply as of the day of accession of the Republic of Serbia to the European Union.

(hereinafter: member state) or a third country through a branch office or an agent shall be subject to the provisions of Articles 42 to 46 of this Law.

The complaint referred to in Article 42 of this Law shall be made directly to the branch office and/or the agent of the provider referred to in paragraph 1 hereof.

If the consumer lodges a complaint against a financial service provider rendering such services directly in accordance with the regulations of the European Union, the National Bank of Serbia shall notify the competent body of the member state of the provider concerned of such complaint.

In case of cross-border disputes, the National Bank of Serbia and/or other mediators shall cooperate actively and exchange, pursuant to the law, information and data with the bodies of other member states authorised to conduct out-of-court dispute settlement between the financial service provider and the consumer.

The provisions of Article 50b of this Law shall also apply to a payment service provider and electronic money issuer from a member state or third country, which provide payment services and/or electronic money issuance services in the Republic of Serbia, through a branch office or agent, in accordance with the law governing payment services.

Chapter III

FINANCIAL ARRANGEMENTS OFFERED BY THE VENDOR

Advertising and offer

Article 47

When advertising and offering a financial arrangement offered by the vendor (hereinafter: financial arrangements), particularly sale involving the payment of price in instalments, the vendor shall in particular specify data on the goods or service, cash price, as well as the amount to be paid upfront, as downpayment or first instalment.

If a financial arrangement with a 0% interest rate is advertised for the sale of goods, all benefits enjoyed by the consumer who pays the price in cash shall be specified as well.

If sale involving the payment of price in instalments, which is considered as crediting of the consumer within the meaning of the present Law, is advertised, the difference between the price of purchase by deferred payment and the price of purchase by cash payment shall be disclosed in percentages.

The minister in charge of consumer protection shall prescribe the layout and contents of the form of the financial arrangement offer.

Analogous application

Article 48

The provisions of Chapter II of this Law, except for the provisions of Section 7 of that Chapter, shall apply by analogy to financial arrangements.

Chapter IV

SUPERVISION

Article 49

The National Bank of Serbia shall supervise financial service providers, except for providers of financial arrangements, in accordance with this Law, the law regulating the National Bank of Serbia, and the laws regulating banks, lessors, insurance companies and/or voluntary pension fund management companies.

The ministry in charge of consumer protection shall supervise providers of financial arrangements in accordance with the law regulating consumer protection.

Chapter V

FINES

Article 50

A bank shall be fined from RSD 80,000 to RSD 1,000,000 if:

- 1) it fails to advertise financial services in a clear and understandable manner or advertises them contrary to the regulation of the National Bank of Serbia referred to in Article 6, paragraph 2 hereof, and/or if the advertisement contains incorrect or misleading information about the terms under which the consumer uses these services (Article 6 hereof);
- 2) the agreement is not made in writing or on another durable medium (Article 7, paragraph 1 hereof);
- 3) the consumer does not obtain a copy of the agreement (Article 7, paragraph 2 hereof);
- 4) the agreement contains provisions by which the consumer waives the rights guaranteed by this Law (Article 7, paragraph 3 hereof);
- 5) it fails to keep in the consumer's file the agreement or the relevant agreement documentation (Article 7, paragraph 4 hereof);
- 6) it fails to display daily on its business premises where the services are offered or on its Internet page the information about the values of the agreed variable elements (Article 8, paragraph 5 hereof);
- 7) the agreement contains a reference to the business policy or other acts of the bank as regards elements of the agreement deemed compulsory under this Law (Article 8, paragraph 6 hereof);
- 8) it fails to define the pecuniary contractual obligation in the manner laid down in the provisions of Article 8 hereof (Article 8, paragraph 7 hereof);
- 9) it fails to ensure compliance of the general terms of business with regulations (Article 9, paragraph 2 hereof);
- 10) it does not make available to the consumer, in a visible place on the premises where the services are offered to consumers and on its Internet page, an option to learn about general terms of business in the Serbian language, at least 15 days prior to their application (Article 10, paragraph 1 hereof);
- 11) it does not provide the consumer with relevant explanations and instructions regarding the application of general terms of business in respect of a specific financial service

or it fails to provide him with such terms, in writing or on another durable medium, if so requested by the consumer (Article 10, paragraph 2 hereof);

12) it does not calculate the effective interest rate in the prescribed manner (Article 11 hereof);

13) the consumer is requested or charged a fee contrary to Article 12, paragraph 7 hereof in case the consumer withdraws from the agreement (Article 12, paragraph 7 hereof);

14) the consumer is not provided, in writing or on another durable medium, free of charge, the information, data and instructions related to his contractual relationship or these are not provided in the manner and within the deadlines established in the agreement (Article 13 hereof);

15) when advertising deposit and credit services, it fails to state precisely and clearly, by means of a representative example, the data referred to in Article 15 hereof (Article 15, paragraph 1 hereof);

16) when advertising deposit and credit services, the value of the effective interest rate is not specified and/or written in such a way that it is more prominent than other elements (Article 15, paragraph 3 hereof);

17) the existence of the obligation to conclude a contract on ancillary services is not stated in a clear, concise and prominent way, along with the effective interest rate (Article 16, paragraph 1 hereof);

18) when advertising credit, authorised overdraft facility or credit card with 0% nominal interest rate, it fails to indicate all terms of such credit/authorised overdraft facility/credit card (Article 16, paragraph 2 hereof);

19) in advertising it uses expressions indicating that the credit, authorised overdraft facility or credit card are free of charge or uses similar expressions, while the approval of such credit/authorised overdraft facility/credit card is contingent on the conclusion of another contract or on anything that represents a cost for the consumer or creates another obligation (Article 16, paragraph 3 hereof);

20) in the pre-contractual stage, it acts contrary to the provisions of Article 17 hereof and in particular if the offer does not contain the prescribed elements (Article 17 hereof);

21) it does not immediately inform the consumer, free of charge and in writing, about the results of consulting the database and about the data therein, in case where an application for credit, authorised overdraft facility or credit card is rejected (Article 18, paragraph 3 hereof);

22) the credit agreement does not contain the compulsory elements referred to in Article 19 hereof or it does not deliver to the consumer or the provider of collateral the credit repayment schedule and the summary of compulsory credit elements containing basic information about the credit (Article 19 hereof);

23) the agreement on authorised overdraft facility does not contain the compulsory elements referred to in Article 20 hereof or it does not deliver to the consumer or the provider of collateral such agreement and/or a copy of such agreement with the summary of compulsory elements of the authorised overdraft facility containing basic information about the overdraft facility (Article 20 hereof);

24) the agreement referred to in Article 22 hereof does not contain the compulsory elements referred to in that Article or it does not act in accordance with the same Article (Article 22 hereof);

25) the deposit agreement does not contain the compulsory elements referred to in Article 23 hereof or if at the time of conclusion of this agreement it does not deliver to the

consumer the deposit payment schedule and a summary of compulsory deposit elements containing basic information about the deposit (Article 23, paragraphs 1 and 3 hereof);

26) the consumer is requested or charged any fees for terminating the agreement in accordance with Article 23, paragraph 4 hereof or if a lower interest is calculated contrary to that paragraph (Article 23, paragraph 4 hereof);

27) it negotiates a variable nominal interest rate contrary to Article 26 hereof or fails to comply with the terms of the agreement relating to this rate (Article 26 hereof);

28) the agreement on other banking services does not contain data about the type and level of all fees and other costs charged to the consumer (Article 27 hereof);

29) it fails to obtain written consent to the change of compulsory elements of the agreement before the application of such change and/or it unilaterally changes the terms of the agreement or unilaterally terminates and/or cancels the agreement or fails to notify the consumer of the changes referred to in Article 28, paragraph 2 hereof in the manner prescribed in paragraph 3 of that Article (Article 28 hereof);

30) it fails to notify the consumer in writing or on another durable medium of a change of the agreed variable nominal interest rate and variable elements that affect the amount of other pecuniary liabilities before it starts to apply them, and/or periodically as provided for by the agreement or if it fails to specify the date as of which this rate and/or these elements shall apply (Article 29, paragraphs 1 and 4 hereof);

31) it fails to deliver, free of charge, together with the notification on the changed variable nominal interest rate, in writing or on another durable medium, the modified credit repayment schedule or does not make this schedule available to the consumer free of charge during the validity of the agreement (Article 29, paragraphs 2 and 3 hereof);

32) it fails to notify the consumer in due time and in the agreed manner of any change in data that do not constitute compulsory elements of the agreement within the meaning hereof (Article 30 hereof);

33) it fails to deliver to the consumer information about the balance of his debt and overdraft facility within the time limit and in the manner prescribed in Article 31 hereof (Article 31 hereof);

34) it fails to apply to past due liability the rules of interest applied in case of debtor's delay, laid down by the law regulating contracts and torts (Article 32, paragraph 1 hereof);

35) it fails to act in accordance with Article 33 hereof in the case of a revolving credit (Article 33 hereof);

36) it fails to apply the official middle exchange rate when approving a credit indexed to foreign currency or during its repayment, and/or in the case of a deposit agreement (Article 34 hereof);

37) it fails to apply the same method of interest calculation to a special purpose deposit and to the calculation of interest on the approved credit amount (Article 35 hereof);

38) it charges a fee for early repayment contrary to Article 36 hereof (Article 36 hereof);

39) it fails to enable the consumer and/or the provider of collateral to retake possession of unused collateral after final settlement of consumer's liabilities towards the bank under a certain agreement or fails to notify them in writing that the consumer has settled all liabilities towards the bank within 30 days from the date of settlement of such liabilities, and/or if such notification does not contain the prescribed data (Article 37a hereof);

40) it acts contrary to Article 39 hereof when assigning claims (Article 39 hereof);

41) it engages in unfair business practices or negotiates unfair contract terms (Article 41 hereof);

42) it does not enable the consumer to complain or does not reply to the complaint within the time limit and in the manner referred to in Article 42 hereof, or requires or charges a fee or other charges for the complaint or does not provide on the business premises where the services are offered and on its Internet page an option for the consumer to lodge a complaint, and/or to learn about the manner of making a complaint and actions in response to the complaint (Article 42 hereof);

43) it fails to act in accordance with Article 54 hereof (Article 54 hereof).

Article 50a

A lessor shall be fined from RSD 50,000 to RSD 800,000 if:

1) it fails to advertise leasing services in a clear and understandable manner or if it advertises them contrary to the regulation of the National Bank of Serbia referred to in Article 6, paragraph 2 hereof, and/or if the advertisement contains incorrect or misleading information about the terms under which the consumer uses these services (Article 6 hereof);

2) the leasing agreement is not made in writing or on another durable medium (Article 7, paragraph 1 hereof);

3) the consumer is not given a copy of the leasing agreement (Article 7, paragraph 2 hereof);

4) the leasing agreement contains provisions by which the consumer waives the rights guaranteed by this Law (Article 7, paragraph 3 hereof);

5) it fails to keep in the consumer's file the leasing agreement or the relevant agreement documentation (Article 7, paragraph 4 hereof);

6) it fails to display daily on the business premises where the services are offered to consumers and on its Internet page the information about the values of the agreed variable elements (Article 8, paragraph 5 hereof);

7) the leasing agreement contains a reference to the business policy or other acts of the lessor as regards the elements of the agreement deemed compulsory under this Law (Article 8, paragraph 6 hereof);

8) it fails to define the pecuniary contractual obligation in the manner laid down in the provisions of Article 8 hereof (Article 8, paragraph 7 hereof);

9) it fails to ensure compliance of the general terms of business with regulations (Article 9, paragraph 2 hereof);

10) it does not make available to the consumer, in a visible place on the premises where services are offered to consumers and on its Internet page, an option to learn about general terms of business in the Serbian language, at least 15 days prior to their application (Article 10, paragraph 1 hereof);

11) it does not provide the consumer with relevant explanations and instructions regarding the application of the general terms of business in respect of leasing or it fails to provide the consumer with these terms, in writing or on another durable medium, if so requested by the consumer (Article 10, paragraph 2 hereof);

12) it does not calculate the effective interest rate in the prescribed manner (Article 11 hereof);

13) the consumer is requested or charged a fee contrary to Article 12, paragraph 7 hereof in case the consumer withdraws from the leasing agreement (Article 12, paragraph 7 hereof);

14) the consumer does not receive in writing or on another durable medium, free of charge, information, data and instructions related to his contractual relationship or if the lessor does not provide them in the manner and within the deadlines established in the leasing agreement (Article 13 hereof);

15) when advertising leasing operations, it does not clearly and precisely state on a representative example the data contained in Article 15 hereof (Article 15, paragraphs 1 and 2 hereof);

16) when advertising leasing operations, the amount of effective interest rate is not indicated and/or written in such a way that it is more prominent than other elements (Article 15, paragraph 3 hereof);

17) the existence of the obligation to conclude a contract on ancillary services is not stated in a clear, concise and prominent way, along with the effective interest rate (Article 16, paragraph 1 hereof);

18) when advertising leasing with a 0% nominal interest rate, it fails to indicate all terms of such leasing (Article 16, paragraph 2 hereof);

19) in advertising, it uses expressions indicating that the leasing is free of charge or uses similar expressions while the approval of such leasing is contingent on the conclusion of another contract or on anything that represents a cost for the consumer or creates another obligation (Article 16, paragraph 3 hereof);

20) in the pre-contractual stage, it acts contrary to the provisions of Article 17 hereof and, in particular, if the offer does not contain the prescribed elements (Article 17 hereof);

21) it fails to inform the consumer immediately, free of charge and in writing, about the results of consulting the database and about the data contained therein in case where an application for leasing is rejected (Article 18, paragraph 3 hereof);

22) the leasing agreement does not contain the compulsory elements referred to in Article 21 hereof or if on the occasion of conclusion of this agreement the lessor does not deliver to the consumer the leasing repayment schedule and a summary of compulsory leasing elements containing basic information about the leasing (Article 21 hereof);

23) it negotiates a variable nominal interest rate contrary to Article 26 hereof or fails to abide by the agreed terms relating to this rate (Article 26 hereof);

24) it fails to obtain written consent to the change of compulsory elements of the leasing agreement before the application of such change and/or unilaterally changes the terms of the agreement or unilaterally terminates, and/or cancels the agreement or fails to notify the consumer of the changes referred to in Article 28, paragraph 2 hereof in the manner prescribed in paragraph 3 of the same Article (Article 28 hereof);

25) it fails to inform the consumer in writing or on another durable medium of the change of the agreed variable nominal interest rate and variable elements that affect the amount of other pecuniary obligations before it starts to apply them, and/or periodically as provided for by the leasing agreement or if it fails to specify the date as of which this rate and/or these elements shall apply (Article 29, paragraphs 1 and 4 hereof);

26) it fails to deliver, free of charge, together with the information on the changed variable nominal interest rate, in writing or on another durable medium, the modified leasing repayment schedule or does not make available to the consumer this schedule free of charge during the validity of the agreement (Article 29, paragraphs 2 and 3 hereof);

27) it fails to notify the consumer in due time and in the agreed manner of any change in data that do not constitute compulsory elements of the leasing agreement within the meaning of this Law (Article 30 hereof);

28) it fails to deliver to the consumer information about the balance of his debt under the leasing agreement within the time limit and in the manner prescribed in Article 31 hereof (Article 31, paragraphs 1 and 2 hereof);

29) it fails to apply to past due liability the rules of interest applied in case of debtor's delay, laid down by the law regulating contracts and torts (Article 32, paragraph 1 hereof);

30) it fails to apply the official middle exchange rate when approving leasing indexed to a foreign currency or during its repayment (Article 34 hereof);

31) it charges a fee for early repayment contrary to Article 36 hereof (Article 36 hereof);

32) it engages in unfair business practices and negotiates unfair contract terms (Article 41 hereof);

33) it does not enable the consumer to complain or does not reply to the complaint within the time limit and in the manner referred to in Article 42 hereof, or requires or charges a fee or other charges for the complaint or does not provide on the business premises where services are offered to consumers and on its Internet page an option for the consumer to lodge a complaint, and/or to learn about the manner of making a complaint and actions in response to the complaint (Article 42 hereof);

34) it fails to act in accordance with Article 54 hereof (Article 54 hereof).

Article 50b

A payment service provider or electronic money issuer other than a bank shall be fined from 50,000 to 800,000 when providing the service of granting of credit or authorised overdraft facility, in accordance with the law regulating payment services, if:

1) it fails to advertise these financial services in a clear and understandable manner or if it advertises them contrary to the regulation of the National Bank of Serbia referred to in Article 6, paragraph 2 hereof, and/or if the advertisement contains incorrect or misleading information about the terms under which the consumer uses these services (Article 6 hereof);

2) the agreement is not made in writing or on another durable medium (Article 7, paragraph 1 hereof);

3) the consumer is not given a copy of the agreement (Article 7, paragraph 2 hereof);

4) the agreement contains provisions by which the consumer waives the rights guaranteed by this Law (Article 7, paragraph 3 hereof);

5) it fails to keep in the consumer's file the agreement or the relevant agreement documentation (Article 7, paragraph 4 hereof);

6) it fails to display daily on the business premises where services are offered to consumers and on its Internet page the information about the values of the agreed variable elements (Article 8, paragraph 5 hereof);

7) the agreement contains a reference to the business policy or other acts of the payment service provider or electronic money issuer as regards the elements of the agreement deemed compulsory under this Law (Article 8, paragraph 6 hereof);

8) it fails to define the pecuniary contractual obligation in the manner laid down in the provisions of Article 8 hereof (Article 8, paragraph 7 hereof);

9) it fails to ensure compliance of the general terms of business relating to the granting of credit and authorised overdraft facility with regulations (Article 9, paragraph 2 hereof);

10) it does not make available to the consumer, in a visible place on the premises where services are offered to consumers and on its Internet page, an option to learn about general terms of business in the Serbian language, at least 15 days prior to their application (Article 10, paragraph 1 hereof);

11) it does not provide the consumer with relevant explanations and instructions regarding the application of the general terms of business relating to the granting of credit or authorised overdraft facility, or it fails to provide the consumer with these terms, in writing or on another durable medium, if so requested by the consumer (Article 10, paragraph 2 hereof);

12) it does not calculate the effective interest rate in the prescribed manner (Article 11 hereof);

13) the consumer is requested or charged a fee contrary to Article 12, paragraph 7 hereof in case the consumer withdraws from the agreement (Article 12, paragraph 7 hereof);

14) the consumer does not receive in writing or on another durable medium, free of charge, information, data and instructions related to his contractual relationship or such information, data and instructions are not provided in the manner and within the deadlines established in the agreement (Article 13 hereof);

15) when advertising these financial services, it does not clearly and precisely state on a representative example the data contained in Article 15 hereof (Article 15, paragraph 1 hereof);

16) when advertising credit and authorised overdraft facility, the amount of the effective interest rate is not indicated and/or written in such a way that it is more prominent than other elements (Article 15, paragraph 3 hereof);

17) the existence of the obligation to conclude a contract on ancillary services is not stated in a clear, concise and prominent way, along with the effective interest rate (Article 16, paragraph 1 hereof);

18) when advertising a financial service with a 0% nominal interest rate, it fails to indicate all terms under which such credit and/or authorised overdraft facility is approved (Article 16, paragraph 2 hereof);

19) in advertising, it uses expressions indicating that the credit or authorised overdraft facility is free of charge or uses similar expressions while the approval of such credit or overdraft facility is contingent on the conclusion of another contract or anything that represents a cost for the consumer or creates another obligation (Article 16, paragraph 3 hereof);

20) in the pre-contractual stage, it acts contrary to the provisions of Article 17 hereof and, in particular, if the offer does not contain the prescribed elements (Article 17 hereof);

21) the credit agreement does not contain the compulsory elements referred to in Article 19 hereof or, at the time of conclusion of this agreement, it does not deliver to the consumer or the provider of collateral such agreement and/or a copy of such agreement and the credit repayment schedule as well as the summary of compulsory credit elements containing basic information about the credit (Article 19 hereof);

22) the agreement on authorised overdraft facility does not contain the compulsory elements referred to in Article 20, paragraph 1 hereof, or, at the time of conclusion of this agreement, it does not deliver to the consumer or the provider of collateral such agreement and/or a copy of such agreement with the summary of compulsory authorised overdraft facility elements containing basic information about the overdraft facility (Article 20 hereof);

23) it negotiates a variable nominal interest rate contrary to Article 26 hereof or fails to abide by the agreed terms relating to this rate (Article 26 hereof);

24) it fails to obtain written consent to the change of compulsory elements of the agreement before the application of such change and/or unilaterally changes the terms of the agreement or unilaterally terminates, and/or cancels the agreement or fails to notify the consumer of the changes referred to in Article 28, paragraph 2 hereof in the manner prescribed in paragraph 3 of the same Article (Article 28 hereof);

25) it fails to inform the consumer in writing or on another durable medium of the change of the agreed variable nominal interest rate and variable elements that affect the amount of other pecuniary obligations before it starts to apply them, and/or periodically as provided for by the agreement or if it fails to specify the date as of which this rate and/or these elements shall apply (Article 29, paragraphs 1 and 4 hereof);

26) it fails to deliver, free of charge, together with the information on the changed variable nominal interest rate, in writing or on another durable medium, the modified credit repayment schedule or does not make available to the consumer this schedule free of charge during the validity of the agreement (Article 29, paragraphs 2 and 3 hereof);

27) it fails to notify the consumer in due time and in the agreed manner of any change in data that do not constitute compulsory elements of the agreement within the meaning of this Law (Article 30 hereof);

28) it fails to deliver to the consumer information about the balance of his debt and account overdraft within the time limit and in the manner prescribed in Article 31 hereof (Article 31 hereof);

29) it fails to apply to past due liability the rules of interest applied in case of debtor's delay, laid down by the law regulating contracts and torts (Article 32, paragraph 1 hereof);

30) it fails to apply the official middle exchange rate when approving a credit indexed to a foreign currency or during its repayment (Article 34 hereof);

31) it charges a fee for early repayment contrary to Article 36 hereof (Article 36 hereof);

33) it fails to enable the consumer and/or the provider of collateral to retake possession of unused collateral after final settlement of consumer's liabilities under a certain agreement or fails to notify them in writing that the consumer has settled all liabilities towards the provider of credit and/or authorised overdraft facility within 30 days from the date of settlement of such liabilities, and/or if such notification does not contain the prescribed data (Article 37a hereof);

34) it assigns a claim under a credit agreement or agreement on authorised overdraft facility contrary to Article 39 hereof (Article 39, paragraphs 5 and 6 hereof);

35) it engages in unfair business practices and negotiates unfair contract terms (Article 41 hereof).

A payment service provider or electronic money issuer other than a bank shall be fined from 50,000 to 800,000 dinars when providing the service of credit card issuance in accordance with the law regulating payment services and this law, if:

1) the consumer is requested or charged a fee contrary to Article 12, paragraph 7 hereof in case the consumer withdraws from the agreement on issuance and use of a credit card (Article 12, paragraph 7 hereof);

2) when advertising the credit card, it fails to state precisely and clearly, by means of a representative example, the data referred to in Article 15 hereof (Article 15, paragraph 1 hereof);

3) when advertising the credit card, the value of the effective interest rate is not specified and/or written in such a way that it is more prominent than other elements (Article 15, paragraph 3 hereof);

4) the existence of an obligation to conclude a contract on ancillary services is not stated in a clear, concise and prominent way, along with the effective interest rate (Article 16, paragraph 1 hereof);

5) when advertising a credit card with a 0% nominal interest rate, it fails to indicate all terms under which such card is approved and/or issued (Article 16, paragraph 2 hereof);

6) in advertising it uses expressions indicating the credit card is free of charge or uses similar expressions while the issuance of the card is contingent on the conclusion of another agreement or anything that represents a cost for the consumer or creates another obligation (Article 16, paragraph 3 hereof);

7) information to be provided in the pre-contractual stage at the time of conclusion of agreement on the issuance and use of a credit card does not contain information and/or elements from Article 22 hereof or such information and draft agreement are not submitted to the person intending to provide collateral (Article 17, paragraphs 8 and 9 hereof);

8) the agreement on issuance and use of a credit card does not contain the compulsory elements referred to in Article 22 hereof (Article 22 hereof);

9) it negotiates a variable nominal interest rate contrary to Article 26 hereof or fails to comply with the terms agreed in relation to this rate (Article 26 hereof);

10) it fails to apply to past due liability rules of interest applied in case of debtor's delay, laid down by the law regulating contracts and torts (Article 32, paragraph 1 hereof);

11) it charges a fee for early repayment under a credit card (Article 36 hereof);

12) it fails to enable the consumer and/or the provider of collateral to retake possession of unused collateral after final settlement of consumer's liabilities under the agreement on issuance and use of a credit card or fails to notify them in writing that the consumer has settled all liabilities towards the credit card issuer within 30 days from the date of settlement of such liabilities, and/or if such notification does not contain the prescribed data (Article 37a hereof);

13) it assigns a claim under the agreement on issuance and use of a credit card contrary to Article 39 hereof (Article 39, paragraphs 5 and 6 hereof);

14) it engages in unfair business practices and negotiates unfair contract terms (Article 41 hereof).

A payment service provider or electronic money issuer other than a bank shall be fined from 50,000 to 800,000 dinars if it does not enable the payment service consumer or electronic money holder, including credit, authorised overdraft facility and credit card consumers, to complain or does not reply to the complaint submitted by such consumer or holder within the time limit and in the manner referred to in Article 42 hereof, or requires or charges a fee or other charges for the complaint, or does not provide on the business premises where the services are offered to consumers and on its Internet page an option to lodge a complaint, and/or an option for the consumer or holder to learn about the manner of making a complaint and actions in response to such complaint (Article 42 hereof).

Chapter VI

PENALTY PROVISIONS

Article 51

A vendor that is a legal entity shall be fined for an infringement from RSD 50,000 to RSD 800,000 if:

1) it fails to advertise financial arrangements in a clear and understandable manner or if it advertises them contrary to the regulation of the National Bank of Serbia referred to in Article 6, paragraph 2 hereof, and/or if the advertisement contains incorrect or misleading information about the terms under which the consumer uses these services (Article 6 hereof);

2) the agreement on financial arrangement is not made in writing or on another durable medium (Article 7, paragraph 1 hereof);

3) the consumer is not given a copy of the agreement on financial arrangement (Article 7, paragraph 2 hereof);

4) the agreement on financial arrangement contains provisions by which the consumer waives the rights guaranteed by this Law (Article 7, paragraph 3 hereof);

5) it fails to keep in the consumer's file the agreement on financial arrangement or the relevant agreement documentation (Article 7, paragraph 4 hereof);

6) the agreement on financial arrangement contains a reference to the business policy or other acts of the financial service provider as regards elements of the agreement deemed compulsory under this Law (Article 8, paragraph 6 hereof);

7) it fails to define the pecuniary contractual obligation in the manner laid down in the provisions of Article 8 hereof (Article 8, paragraph 7 hereof);

8) it fails to ensure compliance of the general terms of business concerning financial arrangements with regulations (Article 9, paragraph 2 hereof);

9) it does not make available to the consumer, in a visible place on the premises where the services are offered to consumers and on its Internet page, an option to learn about the general terms of business in the Serbian language, at least 15 days prior to their application (Article 10, paragraph 1 hereof);

10) it does not provide the consumer with relevant explanations and instructions regarding the application of the general terms of business in respect of the financial arrangement or it fails to provide the consumer with such terms, in writing or on another durable medium, if so requested by the consumer (Article 10, paragraph 2 hereof);

11) it does not calculate the effective interest rate in the prescribed manner (Article 11 hereof);

12) the consumer is requested or charged a fee contrary to Article 12, paragraph 7 hereof in case the consumer withdraws from the agreement on financial arrangement (Article 12, paragraph 7 hereof);

13) the consumer does not receive in writing or on another durable medium, free of charge, information, data and instructions relating to his contractual relationship or is not provided with them in the manner and within the deadlines established in the financial arrangement agreement (Article 13 hereof);

14) the existence of an obligation to conclude a contract on ancillary services is not stated in a clear, concise and prominent way, along with the effective interest rate (Article 16, paragraph 1 hereof);

15) in advertising it uses expressions indicating the financial arrangement is free of charge or uses similar expressions and does not declare additional costs based on the conclusion of other agreements on financial arrangements or based on anything that represents a cost for the consumer or creates another obligation (Article 16, paragraph 3 hereof);

16) when advertising and offering financial arrangements, it does not specify data on goods or services, cash price, or the amount to be paid upfront, as downpayment or first instalment (Article 47, paragraph 1 hereof);

17) when advertising financial arrangements for the purchase of goods at a 0% interest rate it does not indicate all the benefits to be enjoyed by the consumer who pays the price of goods in cash (Article 47, paragraph 2 hereof);

18) it fails to specify in percentage terms the difference between the price of purchase by deferred payment and the price of purchase by cash payment in case of sale involving the payment of price in instalments, which is considered as crediting of the consumer within the meaning of this Law (Article 47, paragraph 3 hereof);

19) it acts contrary to the obligations established in Chapter II hereof which are applicable to vendors (Article 48 hereof).

For the actions referred to in paragraph 1 hereof, the responsible person of the vendor that is a legal entity shall be fined from RSD 20,000 to RSD 100,000.

For the actions referred to in paragraph 1 hereof, a vendor that is an entrepreneur shall be fined from RSD 30,000 to RSD 500,000.

Chapter VII

TRANSITIONAL AND FINAL PROVISIONS

Article 52

Regulations for the implementation of this Law shall be adopted within three months from its coming into force.

Article 53

Financial service providers shall make their internal regulations compliant with the provisions of this Law and the regulations referred to in Article 52 of this Law within three months from the adoption of these regulations.

Article 54

The provisions of Article 8 and Article 26, paragraphs 1 to 3 hereof shall apply to all liabilities under agreements which fall due after the date when the implementation of this Law begins.

Financial service providers shall, by the date the implementation of this Law begins, harmonise the agreements concluded before that date with the provisions of Article 8 and Article 26, paragraphs 1 to 3 in such a way that the amount of the agreed variable indefinable nominal interest rate and/or the variable indefinable element of that rate cannot exceed their initial value (value at the time of entry into agreement).

From the date the present Law comes into force until the date its implementation begins, financial service providers shall not increase interest rates using agreed indefinable elements.

Financial service providers shall not charge consumers any fees for the harmonisation of the agreements in the manner prescribed by paragraph 2 hereof, or request any additional documentation for this purpose.

Article 55

The National Bank of Serbia and/or the ministry in charge of consumer protection shall undertake measures against financial service providers who fail to act in the manner laid down in Article 53 hereof, in accordance with the provisions regulating their respective operation.

Article 56

This Law shall come into force on the eighth day following its publication in the "RS Official Gazette" and shall apply after the expiry of six months from its coming into force, with the exception of the provision of Article 38, paragraph 5, thereof which shall apply from 1 January 2012.

Separate Articles of the Law on Amendments and Supplements to the Law on the Protection of Financial Service Consumers ("RS Official Gazette", No 139/2014)

Article 39

A bank shall be fined from RSD 80,000 to RSD 1,000,000 if, until 30 September 2015, it acts contrary to the provisions of Articles 24, 37 and 38 of the Law on the Protection of Financial Service Consumers ("RS Official Gazette", No 36/11).

The provisions of Article 33 of this Law shall apply to the imposing of the fine referred to in paragraph 1 hereof.

Article 40

To protect the rights and interests of financial service consumers, the bank shall act in respect of complaints made until the date of entry into force of this Law in accordance with the provisions of the Law on the Protection of Financial Service Consumers ("RS Official Gazette", No 36/11).

The National Bank of Serbia shall act upon complaints submitted by financial service consumers until the date of entry into force of this Law in accordance with the provisions of the Law on the Protection of Financial Service Consumers ("RS Official Gazette", No 36/11).

Article 41

In respect of liabilities falling due for repayment as of the application date of this Law under credit agreements indexed to a foreign currency and concluded before the application date of the Law on the Protection of Financial Service Consumers ("RS Official Gazette", No 36/11), banks shall apply the same exchange rate as the rate used at the time of granting the credit (buying, official middle or selling exchange rate) or an exchange rate that is more favourable for the consumer than the one used at the time of granting the credit.

Paragraph 1 hereof shall also apply to lessors if the liabilities of a leasing consumer fall due for repayment as of the application date of this Law, under leasing agreements indexed to a foreign currency and concluded before the application date of the Law on the Protection of Financial Service Consumers ("RS Official Gazette", No 36/11).

Article 42

Should a bank and/or lessor act contrary to Article 41 of this Law, the National Bank of Serbia may undertake all measures in respect of the financial service provider established by this Law and/or by the law governing the operation of banks and/or lessors.

If they act contrary to Article 41 of this Law, the bank and/or lessor shall be fined from RSD 200,000 to RSD 800,000.

The provisions of Article 33 hereof shall apply to the imposing of the fine referred to in paragraph 2 hereof.

Article 43

This Law shall enter into force on 26 December 2014 and shall apply as of 27 March 2015, with the exception of provisions of Article 1, paragraphs 1,3 and 5, and Articles 2, 9, 14, 16, 17, 20, 22, 24, 25, 26 and 37 of this Law, which shall apply as of 1 October 2015 and the provisions of Article 34 of this Law, which shall apply as of the day of accession of the Republic of Serbia to the European Union.