



Pursuant to Article 35, paragraph 1, subparagraph 1.1 and Article 65, paragraph 1 of the Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 77/16, August, 2010), Article 8 paragraph 1, subparagraph 1.1 of the Law No. 04/L-155 on Payment System (Official Gazette of the Republic of Kosovo, No. 12/03 May 2013), Article 92, paragraph 3, Article 94, paragraph 4 and Article 114 of the Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (Official Gazette of the Republic of Kosovo, No. 11/11 May 2012), the Board of the Central Bank of the Republic of Kosovo at the meeting held on 29 November 2019, approved the following:

## **REGULATION ON ISSUANCE OF ELECTRONIC MONEY**

### **Article 1**

#### **Purpose and Scope**

1. The purpose of this Regulation is to determine the conditions, requirements and procedures for the activity of issuing electronic money, as well as determining the manner of reporting information on its use.
2. The subject of implementation of this Regulation shall be banks and non-bank financial institutions licensed / registered by the Central Bank of the Republic of Kosovo to conduct an activity of issuing electronic money.

### **Article 2**

#### **Definitions**

1. All terms used in this Regulation shall have the same meaning as those defined in the Law on Payment System and/or the following definitions for the purpose of this Regulation:
  - 1.1. **Electronic money**– shall mean electronically, including magnetically, stored monetary value as represented by a claim on the issuer, which is issued on receipt of funds for the purpose of making payment transactions and which is accepted as a means of payment by persons other than the issuer of electronic money;
  - 1.2. **Electronic money instrument** – shall mean a payment instrument, other than the remote access payment instrument, which stores the monetary value electronically and enables the holder to make electronic payments. This instrument can be reloaded with monetary value whenever necessary;
  - 1.3. **Issuer** - shall mean the bank and / or the NBFIs licensed / registered by the CBK for conducting the electronic money issuance activity, which, according to the contract, issues to the holder for use, the electronic payment instrument;

- 1.4. **Receiver** – shall mean the bank and/or NBFI licensed / registered by the CBK, which based on a contract with the merchant, accepts electronic payments initiated by the holders via electronic payment instrument and carried out at the merchant via POS/EFTPOS or virtual POS. The receiver can be simultaneously an issuer and vice-versa;
- 1.5. **Holder** - shall mean the natural or legal person, who holds the Electronic money instrument, based on the respective contract with the issuer;
- 1.6. **Merchant**- shall mean the natural or legal person, that based on the contract signed with the receiver, accepts the electronic payments via Electronic Money Instrument, carried out using POS/EFTPOS/virtual POS devices;
- 1.7. **Terminal POS/EFTPOS** – shall mean the device that permits the use of the electronic money instruments at a point of sale;
- 1.8. **Virtual POS Terminal (virtual POS)** - shall mean the device or similar application in services to the POS terminal, which permits the performance of transactions via internet or phone lines, using electronic money cards operating on real-time;
- 1.9. **Bank and / or NBFI office** - a place for business activity that forms a legally dependent Bank and/or NBFI unit/office not established independently, through which the Bank and/or NBFI may be allowed to engage in electronic money issuance activity;
- 1.10. **CBK** - Central Bank of the Republic of Kosovo;
- 1.11. **NBFI** – Non-bank Financial Institution.

### **Article 3**

#### **Electronic Money Issuers**

1. Electronic money in the Republic of Kosovo may be issued by:
  - 1.1. Banks licensed by the CBK;
  - 1.2. NBFIs registered by the CBK for conducting electronic money issuing activity;
  - 1.3. CBK when not acting in the capacity of regulatory authority;
  - 1.4. Governmental institutions (both central and local) when not acting as public authorities.
2. No other person, except for those referred to in paragraph 1 of this Article, may issue electronic money in the Republic of Kosovo.

### **Article 4**

#### **Electronic money issuance activity**

1. The electronic money issuance activity may only be carried out by the institutions referred to in Article 3 paragraph 1 of this Regulation.

2. Any funds received by the NBFIs from the electronic money holder shall be exchanged in electronic money immediately. These funds constitute neither a deposit nor any other repayable funds received by the public.

## **Article 5**

### **Funds protection requirements**

1. NBFIs registered for electronic money issuance shall protect funds received in exchange for electronic money issued as set forth in the Regulation on Regulatory Capital and Safeguarding the Funds of Non-Bank Financial Institutions.

## **Article 6**

### **Issuance of Electronic Money**

1. An electronic money issuer shall issue electronic money for an amount equal to the face value of the funds received from the electronic money holder.
2. The holder of electronic money shall be the owner of the funds received by the electronic money issuer.

## **Article 7**

### **Redeem**

1. The issuer shall, at the request of the holder, redeem to him (the holder) at any time, at face value, the monetary value of the held electronic money.
2. The redemption may be subject to the application of fees, if such fees are specified in the contract between the issuer and the holder of electronic money in the following cases:
  - 2.1. when redemption is claimed by the electronic money holder before the termination of the contract;
  - 2.2. when the contract sets a date for its termination and the electronic money holder terminates the contract before the expiration date; or
  - 2.3. when the redemption of unused funds is claimed after more than one year from the date of termination of the contract.
3. The holder of electronic money may claim full or partial redemption before the termination of the contract concluded with the electronic money issuer.
4. Where the claim for redemption is filed up to one year after the date of termination of the contract, the issuer of the electronic money shall redeem the total monetary value held as electronic money.
5. Any fee referred to in paragraph 2 of this Article shall be appropriate and in accordance with the current costs incurred by the electronic money issuer.

## **Article 8**

### **Issuance and distribution of electronic money through offices and agents**

1. Banks and/or NBFIs licensed / registered to conduct electronic money issuance activity may issue electronic money through their offices.
2. Banks and / or NBFIs licensed / registered for electronic money issuance may not issue electronic money through agents, but may distribute and / or redeem funds through one or more agents operating on its behalf.

## **Article 9**

### **Prohibition of payment of interest**

1. The issuer shall not pay any interest or any other benefits to the holder of the electronic money for holding the electronic money, during the time it holds the electronic money.

## **Article 10**

### **Contract between the issuer and the holder of electronic money**

1. The mutual relations between the issuer and the holder of electronic money shall be contractually regulated in writing.
2. The contract referred to in paragraph 1 of this Article shall contain at least the following conditions:
  - 2.1. The contract for holding and using of electronic money shall be drafted in the official language in compliance with the applicable laws in Kosovo;
  - 2.2. The contract between the issuer and the holder of the electronic money shall clearly and understandably specify the terms regarding the issuance of the electronic money, the redeeming and the fees if applicable;
  - 2.3. The issuer shall, prior to the signing of the contract, disclose the information to the possible holder of electronic money on all contractual terms by carefully explaining the mutual rights and obligations;
  - 2.4. The contract for holding and using of electronic money shall contain at least the following information:
    - 2.4.1. parties to the contract;
    - 2.4.2. the type of payment instrument in which the electronic money is stored and the type of equipment/device where the holder can use it to carry out transactions;
    - 2.4.3. types of payment transactions that can be carried out;
    - 2.4.4. the duration/limit of usage or the validity period of electronic money;
    - 2.4.5. the applicable security procedures and parties liabilities under the contract;
    - 2.4.6. types and value of charges and commission fees relevant to the use of electronic money as well as the conditions for their change;
    - 2.4.7. rules on carrying out transactions in foreign currency and the conditions for exchanging them;
    - 2.4.8. the right and procedure for filing a complaint, and process for addressing it;
    - 2.4.9. the terms and conditions for contract renewal;
    - 2.4.10. the method, period of notice, conditions for rescission of the contract; and
    - 2.4.11. Procedures and consequences in cases of a lost, destroyed, distorted, stolen or falsified/copied instrument in which the electronic money is stored.

2.5. The following documents shall be attached to the contract:

- 2.5.1. the list of allowed limits for transactions, charges, fees, and commissions as well as the reference to the quotation date of applicable exchange rate for use of electronic money inside and outside the country;
- 2.5.2. a description of the way of using the instrument in which the electronic money is stored and the devices where it is used.
- 2.5.3. security standards and procedures.

3. The issuer must notify the holder in writing on the proposed amendments to the provisions of the contract at least (1) month before the amendment is effective.
4. During the one-month period for reasons referred to in paragraph 3 of this Article, the holder may rescind the contract with the electronic money issuer without penalty or cost.

## **Article 11**

### **Types of electronic money instruments**

1. Electronic money instruments and products may be hardware or software based, depending on the technology used to hold monetary value, in the following forms:
  - 1.1. personal physical devices, such as chip cards, with hardware-based security features;
  - 1.2. software-based products that use specialized software that run on common personal devices such as personal computers, tablets or mobile phones;
  - 1.3. schemas combined with hardware and software-based features.
2. Banks and / or NBFIs licensed / registered to conduct electronic money issuance activity issuing a new type of electronic money instrument shall, at least one (1) month in advance, notify the Licensing and Standardization Department at the CBK in writing regarding the new electronic money instrument, how it will be offered and how to use it, as well as the market assessment of this service. The CBK may at any time prohibit the issuance or use of a new type of electronic money instrument if, in its estimation, the requirements of this Regulation have not been met.

## **Article 12**

### **Exemptions**

1. For the purposes of this Regulation, the following shall not be considered as electronic money:
  - 1.1. monetary values that are stored on prepaid instruments, which are used to meet customers specific needs and may be used for limited purposes because they:
    - 1.1.1. allow the holder to purchase certain goods and/or services, provided by the issuer only in the premises where the electronic money issuer conducts the activity, or within a defined network of service providers, subject to a commercial agreement with the electronic money issuer (a certain store, chain of stores); or
    - 1.1.2. can only be used to purchase a limited number of goods and/or services;
    - 1.1.3. instruments valid only in Kosovo provided on request of an enterprise or a public sector entity and regulated by a public authority for specific social or tax purposes to obtain specific goods or services from suppliers that have a commercial agreement with the issuer.

- 1.2. monetary value stored in the payment instruments provided by a network or electronic communications service provider to a network or service subscriber:
  - 1.2.1. to purchase digital content and voice-based services, regardless of the equipment used; or
  - 1.2.2. performed by or through an electronic device as part of a charitable activity or to purchase tickets;
2. Sub-paragraph 1.2 of paragraph 1 of this Article shall apply where the value of each single transaction does not exceed EUR 50 and/or the cumulative value of payment transactions for an individual subscriber does not exceed EUR 300 per month.

### **Article 13**

#### **Acceptance of electronic money by merchants**

1. Relationships for acceptance of electronic money payments shall be established and determined through a written contract between the recipient and the merchant.
2. Receivers of electronic money shall be obliged to comply with the requirements of transparency towards the merchant, as follows:
  - 2.1. Contract for acceptance of electronic money payments shall be drafted in the official language in accordance with the legislation in force in the Republic of Kosovo;
  - 2.2. Before signing the contract, the receiver shall present to the merchant all the terms of the contract explaining the mutual rights and obligations. The contract shall contain at least the following information:
    - 2.2.1. parties to the contract;
    - 2.2.2. the type of payment instrument where is stored the electronic money that will be used to conduct transactions at the merchant;
    - 2.2.3. applicable procedures, including security procedures and the obligations of the merchant during the performance of transactions;
    - 2.2.4. the period and manner of payment to the merchant by the receiver;
    - 2.2.5. cases of refusal to accept payment by electronic money;
    - 2.2.6. cases of holding / blocking the payment instrument in which the electronic money is placed;
    - 2.2.7. procedures concerning the right to file complaints;
    - 2.2.8. terms and conditions related to the renewal of the contract;
    - 2.2.9. manner, term of notice and conditions for termination (ending) of the contract;
    - 2.2.10. the protection measures of the electronic money holder set forth in Article 14 of this Regulation;
    - 2.2.11. applied fees.
3. The contract shall not contain any prohibitive provision for the merchant to use only the system of one receiver, issuer or group of receivers and/or issuers.
4. The recipient shall meet the following conditions for accepting the electronic money payments:
  - 4.1. enable the acceptance and execution of electronic money transactions;
  - 4.2. record each transaction and keep records for at least 5 years, in order to enable the identification of the executed transactions and the correction of errors in the cases specified in the contract;

- 4.3. implement security procedures to guarantee the execution of electronic money transactions;
- 4.4. implement legal acts for data protection and secrecy; and
- 4.5. notify the merchant in writing of proposals for amendments to the contract provisions.

## **Article 14**

### **Standards for protection of electronic money holders**

1. The recipient shall ensure to include in the contract under Article 13 of this Regulation the security measures and procedures necessary for the protection of the holder, whereby the merchant:
  - 1.1. may request the holder to present an identification document, in case of doubt about his identity, before accepting a payment by electronic money;
  - 1.2. must refuse to accept an electronic money payment in the following cases:
    - 1.2.1. invalidity of the electronic money instrument;
    - 1.2.2. notice of a theft or loss of an electronic money instrument;
    - 1.2.3. mismatch between the authorized signature on the electronic money instrument and the signature on the transaction document or identification document,
    - 1.2.4. refusal by the holder to present an identification document or if the merchant identifies that an unauthorized person is using the electronic money instrument;
    - 1.2.5. the inability to receive confirmation on the performance of transaction;
    - 1.2.6. absence or incorrectness of at least one security element of the electronic money instrument;
    - 1.2.7. suspicions of a forgery/copying of the electronic money instrument.
  - 1.3. may hold the electronic money instrument in the following cases:
    - 1.3.1. notice of theft or loss;
    - 1.3.2. mismatch between the signature on the electronic money instrument and the signature on the transaction document or identification document;
    - 1.3.3. use of the electronic money instrument by an unauthorized person;
    - 1.3.4. issuance of an order by the issuer for holding the electronic money instrument; and
    - 1.3.5. finding that at least one of the security elements is incorrect.
  - 1.4. shall apply appropriate security procedures and shall not make public the personal data and identification data of the instrument to unauthorized persons and shall not allow the wrong / incorrect use, forgery/copying or misuse of the electronic money instrument;
  - 1.5. shall accept payments made by electronic money, under the same terms and conditions as for cash payments, and shall not apply towards the holder commission or additional fees over the price of payments made through them.

## **Article 15**

### **Holder's right to information**

1. The issuer shall inform the holder on the transactions carried out with the electronic money instrument as well as on the surplus (outstanding value) of the funds remaining and held therein.

2. The information set forth in paragraph 1 of this Article shall be made available to the holder at his request.

**Article 16**  
**Losses or damage**

In cases of identified loss or damage of electronic money instrument, the issuer shall return the remaining funds to the holder, in compliance with the conditions set forth in the contract between the parties, unless a new instrument has been issued and made available to the holder within a reasonable period of time.

**Article 17**  
**Reporting with CBK**

1. The electronic money issuer shall report to CBK according to the format set forth by the latter.

**Article 18**  
**Keeping the register of electronic money issuers**

The CBK shall publish on its website a register of licensed/registered electronic money issuers.

**Article 19**  
**Remedial Measures and Civil Penalties**

Any violation of the provisions of this Regulation shall be subject to remedial measures and administrative penalties, as set forth in the Law on Central Bank of the Republic of Kosovo, Law on Banks, Microfinance Institutions and Non-bank Financial Institutions and the Law on Payment System.

**Article 20**  
**Entry into force**

This Regulation shall enter into force on 1 January 2020.

Flamur Mrasori

Chairman of the Board of the Central Bank of the Republic of Kosovo