



Pursuant to Article 36, paragraph 1, subparagraph 1.17, and Article 65, paragraphs 1 and 2, of Law no. 03 / L-209 on the Central Bank of the Republic of Kosovo; Article 85, paragraph 1, and Article 114 of Law no. 04 / L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions; as well as Article 85, paragraph 2, and Article 86, paragraph 1, of Law no. 06 / L-034 on Consumer Protection, the Executive Board of the Central Bank of the Republic of Kosovo, at the meeting held on 18 January 2019, approved the following:

## **INSTRUCTION ON CONSUMER CREDIT INFORMATION FORM**

### **Article 1**

#### **Purpose and Scope**

1. The purpose of this Instruction is to determine the Consumer Credit Information Form (hereinafter: the Form) and the manner of its disclosure, pursuant to the Law on Consumer Protection.
2. This instruction applies to all financial institutions licensed / registered by the CBK to exercise lending activity under the applicable law.

### **Article 2**

#### **Definitions of Terms**

1. For the purposes of this Instruction, the terms used have the following meanings:
  - 1.1. *Consumer* – any natural person who buys and uses commodities or services to fulfil their needs, for purposes that have no connection with commercial, business, craft or professional activity;
  - 1.2. *Lender* – any financial institution exercising lending activity under applicable laws;
  - 1.3. *Financial institution* - any institution that is licensed / registered by the CBK under the Law on Central Bank or any other relevant law;
  - 1.4. *Intermediary* - Any third party, a natural or legal person, engaged in the promotion, provision or sale of financial products or services provided by a financial institution and engaged in the preparation, conclusion and administration of agreements and contractual rights in relation to those products or services.

### **Article 3**

#### **Content of the Form**

1. The financial institution during the presentation of the credit product and before entering into any consumer credit agreement shall provide the consumer with the appropriate information to compare the various offers so that he / she can make a decision on the conclusion of the agreement.
2. Such information shall be disclosed by the Lender through the Form, which is attached to this instruction in Appendix 1. All applicable information in the Form must be completed.
3. The customer and the lender shall place the date and signature on the Form and both parties shall keep a signed copy.
4. When provided electronically, the Form may be signed electronically, or the Lender and the Customer may sign a document confirming that the Form was provided to the Customer.

#### **Article 4**

##### **Guarantor Information**

1. In cases where a guarantor is required for the issuance of consumer credit, the financial institutions shall provide the guarantor with the Guarantor Information Sheet, which is attached to this instruction in Appendix 2. The Guarantor Information Sheet shall be signed by the guarantor.
2. In addition, financial institutions should in such cases provide the guarantor with a copy of the Form, signed by the customer and the lender.

#### **Article 5**

##### **Obligation to provide clarification**

1. Financial institutions should provide clarification on the information disclosed to the extent required for a customer, so that the customer understands the information and is able to make a decision regarding the offer.
2. Financial institutions should provide additional explanations when required by consumers.

#### **Article 6**

##### **Retaining the Form**

1. Financial institutions shall keep and maintain signed copies of the Form at least 1 (one) year in cases where the contractual relationship is not reached, while in the cases when the contractual relationship is reached, the Form must be attached to the credit file and must be kept for as long as all the other credit documentation is maintained.
2. The form shall be submitted to the CBK whenever required.

#### **Article 7**

##### **Enforcement, Remedial Measures and Civil Penalties**

Financial institutions that violate this instruction will be subject to remedial and punitive

measures provided for by applicable laws and regulations.

**Article 8**  
**Transitional Provisions**

Financial institutions shall meet the requirements of this Instruction within one (1) month from the date of its entry into force.

**Article 9**  
**Appendices to this Instruction**

Appendices to this Instruction are Appendix 1 – Consumer Credit Information Form and Appendix 2 – Guarantor Information Sheet.

**Article 10**  
**Entry into Force**

This instruction shall enter into force on 1 February 2019.

Fehmi Mehmeti  
Chair of the Executive Board

**APPENDIX 1**  
**CONSUMER CREDIT INFORMATION FORM**

## 1. Name and contact details of the lender

Lender	<i>[Name of lender]</i>
Address	<i>[Lender's address to be used by the consumer]</i>
Phone number (*)	
Email address (*)	
Fax number (*)	
Web address	
(*) <i>This information is optional for the lender</i>	

## 2. Description of the main features of the credit product

Type of loan	
Total loan amount and currency <i>(i.e. the maximum limit or the total available amount of the loan)</i>	
Conditions governing the withdrawal of funds <i>( i.e. how and when the funds will be withdrawn)</i>	
Duration of the loan contract	
Instalments and, where possible, how the instalments will be repaid.	<i>The customer shall pay: (amount, number and frequency of payments to be made by the customer - with a personalized example) <u>Interest and / or commissions will be paid in the following way:</u></i>
The total amount that the customer will have to pay. <i>(i.e. the amount of funds available to borrow, plus any interest and potential costs associated with the loan)</i>	<i>(Total loan amount and total loan cost)</i>
<i>If applicable Guarantee / security required. (Description of the guarantee to be provided in respect of the loan contract)</i>	<i>Types of guarantees</i>

## 3. Loan cost

The loan interest rate to be applied under the loan contract.	<i>[-Fixed interest rate fix on loan in %, or - variable interest rate on loan in% (which is calculated on the basis of an orientation index</i>
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	<i>or reference rate), - periods]</i>
<p>Effective Interest Rate (EIR)</p> <p><i>It is the total cost of loan for the client, expressed as the annual rate of percentage of the value of the loan granted and calculated in accordance with the Regulation on the Effective Interest rate and Disclosure Requirements, published by the CBK.</i></p>	<p><i>[In%</i></p> <p><i>One representative example mentioning the assumptions used to calculate the rate to be determined here.]</i></p>
<p>Is it possible to obtain the loan on market conditions, excluding:</p> <ul style="list-style-type: none"> <li>- credit insurance contracts</li> <li>- other auxiliary contracts?</li> </ul> <p><i>If the costs of these services are not recognized by the lender, they will not be included in the EIR.</i></p>	<p><i>Yes/No [if yes, specify the type of insurance]</i></p>
<b>Other costs associated with the loan</b>	
<p><i>If applicable</i></p> <p>Holding one or more accounts is required to register both payment transactions and withdrawals or fund transfers from one account to another.</p>	
<p><i>If applicable</i></p> <p>Any additional cost that is mandatory for obtaining the loan.</p>	
<p><i>If applicable</i></p> <p>Amount of costs for certain use of a payment (e.g. a credit card).</p>	
<p><i>If applicable</i></p> <p>Any other costs arising from the loan contract.</p>	
<p><i>If applicable</i></p> <p>The conditions under which the above-mentioned costs pertaining to the loan contract may vary.</p>	
<p><i>If applicable</i></p> <p>Obligation to pay notarial expenses.</p>	
<p>Costs in the case of late payments.</p> <p><i>Lack of instalment payments can have</i></p>	<p><i>The customer will be charged with [... (applied</i></p>

<i>serious consequences for the customer and make the process of maintaining the loan more difficult.</i>	<i>interest rate and additional obligations related to the failure to make timely payment on the loan)].</i>
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#### 4. Other important legal aspects

<p>The right to withdraw. <i>The customer has the right to withdraw from the loan contract within a period of 14 calendar days.</i></p>	Yes/No
<p>The repayment of the loan before the maturity date. <i>The customer has the right to make, at any time, before the maturity date, the partial or full repayment of the loan.</i></p>	
<p><i>If applicable</i> The lender has the right to compensation in case of repayment of the loan before the maturity date.</p>	<i>[Determination of compensation according to the legislation in force]</i>
<p>Information in case of loan rejection. <i>The lender must inform the customer, immediately and with no commission charged if a loan application is rejected, making available the reasons on which this refusal is based. This does not apply if the provisions of this information are prohibited by the laws of the Republic of Kosovo.</i></p>	
<p>Right to pre-contract <i>You have the right to request a pre-contract copy for the credit product and the lender must provide this pre-contract free of charge. This does not apply if the lender decides not to proceed further with the granting of the loan to you.</i></p>	
<p>The internal customer complaint scheme against the lender.</p>	<i>The respective Department / Unit (address and telephone number) where the cases of complaint will be addressed</i>
<p>The time period during which the lender has obligations arising from pre-contractual information.</p>	<i>This information is valid from date ... / ... / ... to date ... / ... / ...</i>

## 5. Additional information in cases of remote advertising of financial services

(a) regarding the lender	
<i>If applicable</i> Lender Representative in your country of residence	<i>[Name of lender]</i>
Address	<i>[Lender's address to be used by the customer]</i>
Phone number (*)	
Email address (*)	
Fax number (*)	
Web address	
<i>If applicable</i> Registration	<i>[Commercial Register where the lender is registered and the registration number or any equivalent identified in that register]</i>
<i>If applicable</i> Supervisory Authority	
(b) regarding the loan agreement	
<i>If applicable</i> Exercise of right of withdrawal	[practical instructions on the exercise of the right of withdrawal, showing, <i>inter alia</i> , the period of the exercise of this right, the address at which notice of the exercise of the right of withdrawal will be sent and the consequences for non-exercise of that right].
<i>If applicable</i> The law applied by the borrower as the basis for establishing the relationship, before reaching the loan contract.	
<i>If applicable</i> The provision specifying the law applicable to the loan agreement and / or the competent court	[relevant provision will be placed here]
<i>If applicable</i> Language used	The information and terms of the contract will be presented in (language). With your consent, we will communicate in (language / languages) throughout the duration of the loan agreement.

(c) extra-judicial review mechanisms	
Existence and access to extra-judicial mechanisms	[if there is an extra-judicial mechanism for reviewing customer claim and how to access it]
* this information is not mandatory for the lender	

Customer  
*(Confirms receipt of consumer credit information)*

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(Name Surname, Signature)

## APPENDIX 2

### GUARANTOR INFORMATION SHEET

**You were asked to be a guarantor?**

**Please read the following information carefully!**

#### 1. Risks

- As a guarantor, you are taking on a serious risk of being held accountable for someone else's debts.
- If the borrower can not pay (or does not pay) the debt for which you have agreed to be a guarantor, you will be responsible for paying the debt.



- Going guarantor is not just a signature on a piece of paper. A guarantor promises to pay the outstanding debts. If the borrower defaults, the lender is entitled to demand the payment of the debt from the guarantor - the lender does not have to file a claim or attempt to collect the debt from the borrower first before requesting this from the guarantor. Instead, the lender may (and will) require you to pay the debt.
- As a guarantor, you will be classified into the credit registry based on the loan you have guaranteed, and this may impose restrictions on you obtaining a loan.

## 2. Attention

- Do not be a guarantor if you can not afford to pay the debt and / or paying the debt will cause you serious financial problems.
- Think about whose debt you will guarantee and why it is required of you to be a guarantor (if the person asking you be a guarantor is credible, can he really afford getting the loan, if the loan requested is appropriate for this person, if the reason for receiving the loan is justifiable).
- What will happen if you are required to pay the debt? Will this affect your financial situation? To what extent? Would other aspects of your life be affected?

## 3. Precaution

If you decide to be a guarantor, try to reduce the risks:

- Limit your liability - you do not have to guarantee for all debts of the borrower, determine the exact amount for which you are guaranteeing.
- Ask for the relevant documentation - you need to know the details of the loan you are guaranteeing (ask for the loan contract and accompanying documentation), you can also ask the borrower to inform you about his financial status.
- Make sure that both the creditor and the borrower inform you in due time whenever your interests may be affected.

*Refusal to be a guarantor can put your relationship with the borrower at risk.*

*However, paying someone else's debts can lead you to great hardships!*

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_