



Pursuant to Article 35, paragraph 1, sub-paragraph 1.1, and Article 65, paragraphs 1 and 2, of the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 77/16 August 2010), Articles 85 and 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), as well as Article 4, paragraph 3, of the Law No. 05/L -045 on Insurances (Official Gazette of the Republic of Kosovo, No. 38/24 December 2015), the Board of the Central Bank of the Republic of Kosovo, in its meeting held on 30 January 2020, adopted the following:

REGULATION ON FINANCIAL SERVICES ADVERTISING

Article 1

Purpose and Scope

1. This Regulation sets out the general and specific conditions for financial services advertising, the obligations and responsibilities of a financial service provider with respect to advertising messages and other matters related to this type of advertising, and regulates advertising that directly promotes a financial service provider and/or its entire activity and not just individual financial services provided by it.
2. This Regulation shall apply to all banks, microfinance institutions and non-bank financial institutions, insurers, including branches of foreign banks, branches of foreign microfinance institutions and branches of foreign non-bank financial institutions, and branches of foreign insurers, licensed by the Central Bank of the Republic of Kosovo (CBK) to conduct financial activities in the territory of the Republic of Kosovo.
3. Article 5 of this Regulation shall not apply to foreign insurers and branches of foreign insurers.

Article 2

Definitions

1. All terms used in this Regulation shall have the same meaning as those provided for in Article 3 of the Law no. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (hereinafter: Law on Banks, MFI and NBF), Article 3 of the Law no. 05/L-045 on Insurances and/or as provided for below for the purposes of this Regulation:
 - 1.1 **Financial service** - shall mean financial activities permitted for financial service providers according to the Law on Banks, MFI and NBF or insurance classes permitted by the Law on Insurances;

- 1.2 **Financial service provider** - shall mean any bank, insurer, microfinance institution and non-bank financial institution or its branches licensed/registered by the CBK;
- 1.3 **Client** - shall mean any person who uses or benefits from the financial services provided by the financial service providers;
- 1.4 **Advertising in electronic media** - shall mean advertising on radio and television programs, as well as programs on demand and where possible, by means of electronic communications networks, in exchange for payment or other forms of compensation;
- 1.5 **Advertising in print media** - shall mean advertising in the daily and periodic press and other printed media for public information purposes, as well as in digital releases of these media and/or other information media - that are identical with the publication in print and available to clients online;
- 1.6 **Field advertising** - shall mean advertising by means appropriate for broadcasting an advertising message to the public, placed outdoors and available to the public, and/or to an undefined number of recipients of information (advertising panel - billboards, banners, screens, illuminated signs, etc.);
- 1.7 **Online/virtual advertising** - shall mean advertising on a web site, social network, in various applications or through another form of online/virtual communication;
- 1.8 **Internal advertising** - shall mean conveying of the advertising message through posters, panels, brochures, flyers, leaflets, etc., which are installed/placed and/or distributed in the offices of the financial service provider and its business partners (e.g. affiliated financial institutions, traders, etc.), and/or other indoor public space (e.g. shopping centers, airports, bus stations, public transportation vehicles, etc.);
- 1.9 **Direct advertising** - shall mean forwarding of an advertising message to a specific group of clients or to an individually designated client through several forms, such as: remote advertising, sending a mail letter home or in designated residential or business premises, by email or any other form of direct electronic communication (using applications such as Viber, WhatsApp, etc.), or through direct contact, delivering the material containing the advertising message, or otherwise, through personal communication (presentation, promotion, over the phone, SMS messages, etc.);
- 1.10 **Advertising message** - shall mean the informative content of advertising, regardless of its form, manner or means of broadcasting;
- 1.11 **Advertising message broadcaster** - shall mean an entity that distributes an advertising message through the means it owns, the media through which it publishes or the domain it has registered, or an entity that is authorized to use or any other rights over those means and areas under which it is authorized to distribute advertising messages, as well as the organizer of public events and happenings in which advertising messages are distributed;
- 1.12 **Advertising statement** - shall mean a document containing the data identifying the financial service provider as their advertiser, the advertiser of the advertising message, the content of the advertising message and the estimated period and manner of advertising that the advertiser presents to the advertiser of the advertising message.

Article 3
General terms and principles of advertising

1. Financial services shall be advertised in a clear and understandable manner to clients, and advertising shall not contain inaccurate information and/or information that may deceive and/or mislead a client with regards to terms and specifics of the use of such services.
2. In order to meet the obligations under paragraph 1 of this Article, the financial service provider shall adhere to the following principles for financial services advertising:
 - 2.1 clear identification of the financial service provider;
 - 2.2 authenticity of information in the advertising message;
 - 2.3 transparency of information in the advertising message;
 - 2.4 harmonization of information in the advertising message;
 - 2.5 appropriateness of contents and adherence to professional ethics.
3. The principle of *clear identification of the financial service provider* implies that the advertising message must clearly and unambiguously identify the financial service provider whose services are promoted by that message stating its business name, its abbreviation, company name and/or logo, or trademark.
4. The principle of *authenticity of information in the advertising message* implies that the information contained in the advertising message must be accurate and up-to-date, and that its distribution should not deceive, mislead or be likely to mislead a client and/or distort the facts. The following shall in particular be considered a violation of this principle:
 - 4.1 the effect on the client's view of the financial services or financial service provider, promoted in the advertising, causing ambiguity, exaggeration or exclusion when presenting the information;
 - 4.2 presenting, in an advertising message, the client's rights as special advantages provided to the client by the financial service provider;
 - 4.3 stating (even if true) that the advertised financial service will be available for a limited time, or that it will be available under certain conditions for a limited time, giving an impression which deceives or is likely to mislead a client about the availability of the service with the same or similar features in order to encourage the client to decide immediately to enter into an agreement for such service;
 - 4.4 stating that the advertised financial service will be available for a limited time, or that it will be available under certain conditions for a limited time, so that the client is not provided the opportunity to have sufficient time to make a choice based on the information received before deciding to enter into an agreement for such service.
5. The principle of *transparency of information in the advertising message* implies that the message should not ignore or conceal the information needed to clearly evaluate, in each particular case, the financial service features highlighted by the financial service provider in that message.

- 5.1 The information referred to in this paragraph implies in particular:
 - 5.1.1 information on the criteria that should be met to conclude a financial service agreement with the features highlighted in the advertising message (e.g. mandatory purchase of other financial or payment services, minimum period of clients loyalty or other criteria which, if not fulfilled, may restrict access to financial services with such pronounced features);
 - 5.1.2 information on prohibitions and restrictions and/or limits regarding the provision of a financial service, e.g. in respect of the amount that may be borrowed or deposited under the advertised conditions.
- 5.2 Contrary to the principle set forth in this paragraph, shall be particularly considered an advertisement that:
 - 5.2.1 fails to clarify from a client's point of view, the type of financial service concerned, and/or its nature or purpose;
 - 5.2.2 promotes certain financial services with different features (so-called service packages) with minor differences that prevent a client from making a clear distinction between these services and/or to determine which services are included in the service package;
 - 5.2.3 provides promotional conditions, but excludes or conceals the validity of such offer;
 - 5.2.4 provides a financial service that enables the client to reduce the monthly installment for a specified period (whether within a “grace period”, extensions of repayment period, etc.), but excludes or conceals information on how such a discount is acquired;
 - 5.2.5 provides a financial service, the purchase of which enables the client to access additional services of the financial service provider or to obtain certain benefits, but excludes or conceals information on fees and commissions related to such additional services or excludes or conceals information that the Client should in the event of termination of use of such ancillary services either have to refund and/or compensate the financial service provider in case of premature termination of the agreement before the expiry of the minimum loyalty period agreed with the financial service provider.
6. The principle of *harmonization of information in the advertising message* implies that the information referred to in sub-paragraph 5.1 of this Article must be aligned as much as possible with the financial service features, as highlighted by the financial service provider in that message.
7. The principle of *appropriateness of contents and adherence to professional ethics* implies that an advertising message should not contain statements or visual presentation which may be considered offensive, discriminatory or contrary to good business practices for fair competition and professional ethics.
 - 7.1 The following visual declarations and presentations shall in particular be considered contrary to good business practice for fair competition and professional ethics:

- 7.1.1 inviting to boycott another financial service provider and/or to terminate or obstruct the establishment of relationship with another financial service provider;
- 7.1.2 abusing with the reputation of another financial service provider or presentation of signs identifying or distinguishing such provider, or containing visual declarations and presentations that are harmful or likely to be harmful to the similar financial service provider;
- 7.1.3 disclose or depreciate signs, products, services or activities that identify another financial service provider and the circumstances in which this financial service provider is;
- 7.1.4 disclose facts or circumstances pertaining to the financial service provider advertised in the advertising message (such as the country of origin of the founder or its owner, distrust in the prior period, membership in a group supervised by a foreign regulatory authority), to give an impression to a client that other financial service providers and/or their products and services are less reliable or secure;
- 7.1.5 presenting a financial service in a confusing manner and/or in a manner that prevents its differentiation from financial services, trademarks or signs of another financial service provider.

Article 4

Conditions regarding specific forms of advertising

1. The duration of promotional messages broadcasted in electronic media should be sufficient to enable the client to read and/or hear the content of the message properly.
2. The duration of online advertising of a promotional message through visual images and/or audio or through both, should be sufficient to enable the client to read and/or hear the content of the message properly.
3. For online advertising with exclusively short content (e.g. slogans, notices, etc.), the information referred to in Article 3, subparagraph 5.1 of this Regulation may be removed from the advertising message provided that the message contains the direct link to the official website, containing such information that is more prominent than the features of financial services highlighted in that message by the financial services provider.
4. The text contained in the advertising message broadcasted on electronic or online media, as well as the advertising message published in print media and distributed outdoors, indoors or the one distributed through direct advertising, must be written in letters (or other characters) that are in accordance with Article 6 of this Regulation.
5. The text to which paragraphs 3 and 4 of this Article refer to shall be in the following format:
 - 5.1 “Further information available at (financial service provider’s official website)”, “For further information please call (financial service provider’s telephone number)”, “For further information please visit (financial service provider’s name)”, “Learn more at (financial service provider’s official website and/or financial service provider’s phone number)” or similar.

- 5.2 The advertising message and/or the text to which paragraphs of this article refer may contain the expressions listed below only in accordance with the conditions:
- 5.2.1 “*interest-free*”, “*0% interest*” or similar phrases may only be used in cases where the client does not pay interest and all the terms of the loan agreement or of other financial services and all fees and commissions (where the effective interest rate is not 0%), should be advertised by giving them equal importance;
 - 5.2.2 “*no-cost*”, “*no charge*”, “*zero-fee*”, “*zero cost*”, or similar phrases, may be used only in cases where no other interest, fee or commission is paid by the customer and where access to loans or other agreements of financial services is not conditioned upon the conclusion of any agreement or other events that cause fees or incur other obligations for the client;
 - 5.2.3 “*no initial deposit*” or similar phrases may only be used in cases where no down payment is paid by the customer as a condition for using a loan or other financial service;
 - 5.2.4 “*guaranteed approval*” or similar, may be used only in cases where access to a credit or other financial service agreement is not conditioned on the borrower’s credit report or on other requirements;
 - 5.2.5 “*offer*”, “*gift*” or similar phrases may be used only in cases where there are no terms or conditions requiring the client to offset or return the benefit made available to him/her upon termination of the financial service agreement;
 - 5.2.6 “*we will refund you*” or similar phrases may only be used in cases where the funds paid by the customer are fully refunded;
 - 5.2.7 “*at our own expense*”, “*we will pay*” or similar phrases may only be used in cases where the financial service provider fully covers the costs or bears a portion of the costs, provided that the cost borne by the customer is advertised by giving the same importance;
 - 5.2.8 “*new customer*” or similar phrases, without further information, may only be used in cases where the only condition for entering into a financial service agreement is for the customer to not have an existing financial service and/or payment service agreement with that financial service provider at the time of the agreement;
 - 5.2.9 “*lowest in the market*”, “*highest in the market*”, “*best in the market*” or similar phrases may only be used in cases where they are justified by the financial service provider.

Article 5

Advertising conditions for specific financial services

1. An advertising message promoting financial services offered under credit agreements, issuance and use of credit cards, authorization of overdraft and other lending services containing interest rates or any other numerical data relating to price or revenue, should also contain an example with concise and accurate data regarding the following:

- 1.1 type of loan;
 - 1.2 the level and variability of the annual nominal interest rate;
 - 1.3 effective interest rate (which should be displayed more clearly compared to the other data);
 - 1.4 the currency in which the loan is granted;
 - 1.5 the period of time for which the loan is granted;
 - 1.6 the total amount of the loan that the client must repay by the end of the contractual term;
 - 1.7 all costs to be paid by the client.
2. Paragraph 1 of this Article shall also apply to advertising messages promoting lending, credit card issuance or overdraft authorization provided by a payment service provider or electronic money issuer - with the exception of banks.
 3. An advertising message promoting banking services provided by the deposit agreement, which contains the interest rate or other numerical data related to price or income, must also contain an example with concise and accurate data regarding the following:
 - 1.1 type of deposit;
 - 1.2 the level and variability of the annual nominal interest rate;
 - 1.3 effective interest rate (which should be displayed more clearly compared to other data);
 - 1.4 the currency in which the deposit agreement was reached;
 - 1.5 the time period for which the deposit agreement was reached;
 - 1.6 the total amount that the client will receive by the end of the contractual term;
 - 1.7 all costs to be paid by the client, including costs that would be incurred in the event of early withdrawal of deposits.
 4. The advertising message referred to in paragraph 3 of this Article shall not contain an interest rate that is not guaranteed and/or does not allow interest capitalization throughout the term of the deposit.
 5. An advertising message promoting leasing services offered under a lease agreement, containing the interest rate or all numerical data relating to the price, must also contain an example with concise and accurate data regarding the following:
 - 5.1 leasing assets;
 - 5.2 the level and variability of the annual nominal interest rate;
 - 5.3 effective interest rate (which should be displayed more clearly compared to other data);
 - 5.4 the currency in which the leasing agreement was reached;
 - 5.5 the time period for which the leasing agreement was reached;
 - 5.6 the total amount of the purchase of the leasing asset, the amount of the down payment and the amount of the net financing;

- 5.7 the number and amount of the leasing instalments, as well as the period in which they are due (monthly, quarterly, etc.);
- 5.8 all costs to be paid by the customer.
6. Notwithstanding provisions of paragraphs 1 to 5 of this Article, in the case of online advertising that exclusively contains short content (e.g. slogans, notices, etc.), the example with the data as per the above paragraphs may not necessarily be indicated in the text of the advertising message, provided that such message contains the direct link to the official website containing the relevant example.
7. In the cases referred to in paragraph 6 of this Article, the text of the advertising message shall contain the following phrase: “An example can be found at (official web site of the financial services provider)” or similar, where the letters (or other characters) must be in accordance with the font size under Article 6 of this Regulation and the same must be more visible than the features of the financial service highlighted in that message by the financial service provider.

Article 6

Font size

1. The financial service provider must make sure that the font size used in all forms of advertising provided to clients is:
 - 1.1 clearly legible;
 - 1.2 appropriate for the type of document and information used in that document.
2. The service provider should consider the format and medium utilized for purposes of advertising, as well as be aware that the proposed advertisement will appear in its final format. This is because in some cases the font size may appear quite visible in some formats of an advertisement; however, the same may not be clearly legible in other formats. For example, an advertisement on an advertising panel or public transport may require key information to be displayed more prominently compared to the requirement for the advertisements in print media.

Article 7

Obligations and responsibilities of the financial service provider in relation to the advertising message

1. Financial service providers must have sufficient resources and processes to ensure the implementation of the provisions of this Regulation, including continuous monitoring of advertising, regular assessment of advertising campaigns, and keeping documented records of such assessments.
2. The financial service provider shall be responsible for all actions of the broadcaster of the advertising message, as well as for any omissions thereof in relation to the advertising of financial services of the provider that is subject to this Regulation.
3. The financial service provider shall ensure that the contract concluded with the advertising message broadcaster clearly and accurately determines the obligations of the contracting parties in order to ensure compliance with the provisions of this Regulation by the provider. Such

contracts shall contain a provision enabling the financial service provider to unilaterally terminate the contract, if such an action is requested by the CBK.

4. If during the supervision process by the CBK it is ascertained that the financial service provider has failed to comply with this Regulation, the CBK may act in accordance with Article 8 of this Regulation with regard to the undertaking of measures or imposing penalties.
5. The financial service provider must retain the text and data of the advertisement for a period of up to three years after the end of the advertisement and the same shall be able to present it at any given time upon request of the CBK.

Article 8

Violations and remedial measures

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

Article 9

Entry into force

This Regulation shall enter into force 15 days following the approval by the Board of the CBK.

Flamur Mrasori

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