



Pursuant to Article 35, paragraph 1, subparagraph 1.1, of the Law No. 03/L-209 on the Central Bank of the Republic of Kosovo, as well as Article 8, paragraph 1 and 2, subparagraph 2.3 of the Law No. 04/L-155 on the Payment System, The Board of the Central Bank of the Republic of Kosovo, in the meeting held on 26 November 2013 approved the following:

## **Regulation**

### **on the direct debit scheme of the Electronic Interbank Clearing System**

#### **Article 1 Purpose**

The purpose of the Regulation on the direct debit scheme of the Electronic Interbank Clearing System (hereinafter referred to as “The Regulation”) is to set forth the basic principles and requirements regarding the functioning of this scheme (hereinafter referred to as “The Direct Debit Scheme”). The Regulation includes the main provisions applied for the members of the Electronic Interbank Clearing System (EICS) and other stakeholders included in the Direct Debit Scheme.

#### **Article 2 Definitions**

1. All terminology used in this Regulation has the same meaning with the terminology defined in the Law on CBK, in the Law on the Payment System as they are defined below in this Regulation:
  - 1.1 “Destination bank” is the bank identified in the payment order in which the payment is made to the payee in a credit transfer or the payer’s account in a debit transfer is kept.
  - 1.2. “Initiation bank” is the bank which receives the first payment order initiated in a payment transaction.
  - 1.3. “Receiving bank” is the bank to which the sender’s payment order is addressed.
  - 1.4. “Sender” is the natural or legal person who issues a payment order to a receiving bank.
  - 1.5. “Payee” is the party to receive the payment in a payment transaction.
  - 1.6. “Initiator” is the sender of the first order payment who initiates a payment transaction.

- 1.7. “Client” is the natural or legal person, including a bank which has opened a bank account in another bank.
- 1.8. “Bank account” is any account opened in a bank based on a contract signed between a client and a bank, be it a current account, bank account or any other account and includes an account according to a special agreement made with the sole purpose to execute a payment order.
- 1.9. “Payer” is the party who should make the transaction of a payment.
- 1.10. “Receiver” is the natural or legal person, whose bank should receive the last payment order in a payment transaction.
- 1.11. “EIBCS” stands for Electronic Interbank Clearing System.
- 1.12. “Payment transaction” is a transfer of funds from the payer’s bank account to the payee’s bank account. The payer and the payee may be the same person or two different natural or legal persons. The payment transaction may be a credit or debit transfer of funds and is initiated with the payment order of the initiator given to the initiation bank, by ordering it to execute the payment transaction.
- 1.13. “Debit transfer” is a payment transaction initiated through the order payment of the payee, according to the payer’s authorisation, which the payee’s bank uses to order the payer’s bank to withdraw the money from the payer’s account.
- 1.14. “Interbank transfer” is a transfer of funds from the payer to the payee in two separate banks which implies at least two payment orders, where each receiving bank apart from the destination bank, when executing the payment order of its sender, issues a corresponding payment order to the receiving bank and where the last payment order is sent to the destination bank. Participants in an interbank transfer include the initiator, initiating bank, destination bank and the receiver and may include one or more intermediary banks. In an interbank transfer, except acting on behalf of the client, the bank may also act on behalf and for its account.
- 1.15. “Instruction” is a recommendation in written issued by the Central Bank which has overall use, it is obligatory as a whole and directly implementable“.
- 1.16. “Payment order” is any instruction given by the payer or the payee to his/her institution of payments which requests the execution of a payment transaction.

### **Article 3**

#### **Direct Debit Transfer**

A Direct Debit Transfer executed through the Direct Debit Scheme is a debit transfer. In a direct debit transfer, the initiator is the payee, an initiation bank is the payee’s bank, a receiving bank is the payer’s bank and the Direct Debit transfer receiver is the payer.

**Article 4**  
**Member Banks of Direct Debit Scheme**

Member banks of the Direct Debit Scheme are commercial banks, members of EIBCS. Unless stipulated otherwise in this Regulation and in the Direct Debit Scheme Instructions, on actions and responsibilities of EICS member, the EICS rules of procedures remain effective.

**Article 5**  
**Participants in the Direct Debit Scheme**

1. Participants in the Direct Debit Scheme are legal and natural persons, directly included in the operation of the Direct Debit Scheme as determined below. These are:
  - 1.1. The Payee (Initiator of the Interbank Payment Order) is a participant in the Direct Debit Scheme, who sends a payment order which is used to initiate the Direct Debit Transfer and that should receive the payment (money paid) in a direct debit transfer. This party should be previously authorised by CBK for participation in the Direct Debit Scheme as well as by the payer for debiting his/her account. Such a participant may be a bank member of the Direct Debit Scheme.
  - 1.2. The Payer (Receiver of the Interbank Payment Order) is the participant in the Direct Debit Scheme whose bank should receive the payment order in a direct debit transfer and the party which should make the payment, respectively whose account is debited in a direct debit transfer. This party should previously authorise the payer (initiator) for debiting its account. Such a participant may be a bank member of the Direct Debit Scheme.
  - 1.3. Payees Bank (Initiation Bank) is the participant in the Direct Debit Scheme – the bank which receives a payment order by the payee which initiates the Direct Debit Transfer. In this bank, the payee maintains the account which is credited in the direct debit transfer.
  - 1.4. Payer's Bank (Receiving Bank) is the participant in the Direct Debit Scheme – whose bank receives the payment order by the payer's bank in a direct debit transfer. In this bank the payer maintains the account which is debited in a direct debit transfer.
  - 1.5. CBK as an owner and EICS operator controls the functioning of the Direct Debit Scheme. At the same time, CBK may participate in a Direct Debit Scheme and in the qualities of other participants.

**Article 6**  
**Responsibilities of participants**

1. The Initiator's/Creditor's bank should:
  - 1.1. Respect this regulation and instruction on the operation of Direct Debit Scheme.
  - 1.2. Ensure that the initiators/creditors for whom the funds are being raised are informed on the regulation and instruction on the operation of Direct Debit Scheme.
  - 1.3. Ensure that data files are processed in accordance with procedures and within deadlines defined in the Direct Debit Scheme Instructions.

- 1.4.Ensure that requests for indemnity/complaints are solved according to deadlines set in the instruction.
- 1.5.Ensure that the payer's bank is reimbursed for requests for indemnity of the appealing party.
- 1.6.Undertake the right steps and actions with creditors which do not respect the rules.
- 1.7.Ensure that direct debiting is only executed in line with the client's instructions.
2. The Initiator/Creditor should:
  - 2.1.Ensure that regular information on the amount and the withdrawal data is sent to the client (payer) according to the deadlines set in the instruction.
  - 2.2.Ensure that direct debiting is initiated based on instructions and the direct debit scheme regulation.
  - 2.3.Ensure that amounts disputed by the client are not proceeded.
  - 2.4.Ensure that all cancellations are processed on time.
  - 2.5.Ensure that all requests (appeals for indemnity are solved within 10 days).
  - 2.6.Ensure that all responsibilities of the creditor according to the Direct Debit Scheme regulation are respected.
  - 2.7.Ensure that procedures for completing the direct debit are being implemented are operational.
3. The payer's bank should:
  - 3.1.Respect the instruction and operational procedures of the Direct Debit Scheme
  - 3.2.Pay a direct debit only in line with the authorisation given by the client and determined in details in the operational instruction.
  - 3.3.Ensure that an unauthorised or cancelled direct debit is interrupted and returned immediately after being informed.
  - 3.4.Present, on a timely manner, the requests for indemnity deriving from the Direct Debit Scheme.
  - 3.5.Refund the client, on a timely manner, for the requests (appeals for indemnity and present the request for indemnity/appeal to the creditor's bank.
  - 3.6.Support the client in solving any dispute with the creditor.
  - 3.7.Inform the creditor's bank in cases when the creditor does not respect the scheme rules.
4. The Central Bank of the Republic of Kosovo
  - 4.1.As a regulatory body in the field of payment systems defines and sets the rules, procedures and responsibilities of members and participants in the Direct Debit Scheme in Kosovo.
  - 4.2.Operates with the Electronic Interbank Clearing System (EIBCS), including the direct debit module.
  - 4.3.Maintains and ensures that the scheme provides and possesses high standards of efficiency, confidentiality, security and integrity.
  - 4.4.Defines and determines operational and technical procedures for direct debiting.

- 4.5. Sets the rights and obligations and drafts respective agreements for membership in the Direct Debit Scheme.
- 4.6. Sets the rights and obligations and drafts respective agreements for the participation of creditors in the Direct Debit Scheme.
- 4.7. Maintains the creditors' register, issues the identification code for creditors and informs participants on modifications and complementation in the respective database.
- 4.8. Informs banks and other participants on the Direct Debit Scheme, accordingly.

### **Article 7**

#### **Direct Debit Scheme Operating Instructions**

Within boundaries and requirements specified in this Regulation as well as in line with the Law on CBK and the Law on the Payment System, the Executive Board of CBK issues the Direct Debit Scheme Operating Instructions.

### **Article 8**

#### **Fees**

Fees on services provided by banks on direct debit transfers are covered by the initiator/creditor or agreed between creditors and participant banks in the Direct Debit Scheme. Fees for clearing and settlement of direct debit transactions are approved by CBK along with "Fees of the Electronic Interbank Clearing System".

### **Article 9**

#### **Implementation, improvement measures and fines**

Any violation of this Regulation shall be subject to punitive provisions as foreseen in the Law on CBK and the Law on Payment System.

### **Article 10**

#### **Abrogation**

Upon the entry into force of this Regulation, abrogates the Regulation XXXI on the Direct Debit Scheme of the Electronic Interbank Clearing System approved on 30 December 2008 and any other provision in violation of this regulation.

**Article 11**  
**Entry into force**

This Regulation shall entry into force on 1 January 2014.

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

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Mejdi Bektashi