



Based on Articles 15, 16, 17, 18, 19, 20 and Article 35, paragraph 1, subparagraph 1.1, of Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, Law No. 03/L-209, OG No. 77/2010, 16 August 2010), supplemented and amended by Law No. 05/L-150 on Amending and Supplementing Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 10 / 03 April 2017), the Board of the Central Bank, at the meeting held on 27 December 2023, approved the following:

REGULATION ON CASH OPERATIONS

CHAPTER I GENERAL PROVISIONS

Article 1 Purpose

The purpose of this Regulation is to establish the regulatory standards for the professional performance of the tasks of financial institutions in the area of cash operations. This Regulation defines the rules and procedures for the handling and withdrawal from circulation of euro banknotes and coins and other currencies suspected of being counterfeit, the criteria for the exchange of damaged euro banknotes and coins, the minimum standards for checking fitness and recirculation of euro banknotes and coins, standards for packaging of euro banknotes and coins for deposit at the Central Bank of Kosovo. This Regulation also defines the conditions for cash payment transactions, the rules, procedures and obligations for the import and export of euro banknotes and coins and other currencies from and to the Republic of Kosovo, as well as the rules, procedures and obligations for providers of services of cash deposit or withdrawal through machines used by the client.

Article 2 Scope

Subject to the scope of this Regulation are the Central Bank of Kosovo - CBK, banks, branches of foreign banks and other financial institutions, licensed to carry out banking and/or financial activities in the Republic of Kosovo.

Article 3 Definitions

For the purposes of implementing this Regulation, the following terms shall have the following meanings:

Financial institutions - are banks, branches of foreign banks and other financial institutions, licensed to carry out banking and/or financial activities in the Republic of Kosovo.

Competent authorities - are the local law enforcement authorities in the Republic of Kosovo, as well as the authorities designated for the research and analysis of banknotes and coins suspected of being counterfeit.

Cash - are euro banknotes and coins and other currencies.

Cash operators - are the employees of financial institutions who carry out the process of receiving, counting, authenticating and dividing, based on the quality, euro banknotes and coins and other currencies manually or by means of the processing machinery.

Machine operators - are employees of financial institutions who operate cash processing machines.

Trained staff - are employees of financial institutions who have knowledge of the known security elements of banknotes and coins, knowledge of the processing criteria defined in this Regulation and the ability to check euro banknotes and coins in accordance with them.

Check for authenticity - means checking euro banknotes and coins and other currencies whether they are counterfeit or genuine.

Verification of authenticity - means verification of euro banknotes and coins and other currencies whether they are counterfeit or genuine.

Euro banknotes and coins and other currencies - are euro currencies and all other non-euro currencies.

Genuine banknotes and coins - are euro banknotes and coins and all other non-euro currencies that are not counterfeit.

Banknotes and coins suspected of being counterfeit - are the euro banknotes and coins and other currencies which, during the authenticity check process, are suspected of having one or more security features forged.

Counterfeit banknotes and coins - are banknotes and coins with the appearance of genuine euro banknotes and coins and other currencies, produced illegally by means of counterfeiting methods or various modifications, with the aim of fraud.

Cash processing - means the process of counting, authenticating and dividing, based on the quality, euro banknotes and coins and other currencies manually or through processing machinery.

Cash processing - means the process of counting, authenticating and dividing, based on the quality, euro banknotes and coins and other currencies manually or through processing machinery.

Fitness check - means checking and classifying euro banknotes and coins and other currencies according to quality in order to separate banknotes and coins fit for recirculation from those that are unfit.

Banknote handling machines - are processing machines, authentication machines, authenticity identification devices and the like.

Banknote processing machines - are the machines used by financial institutions for counting, authenticating and classifying the fitness of banknotes.

Coin processing machines - are the machines used by financial institutions for counting, authenticating and classifying the fitness of coins.

Banknote authentication machines - are the machines used by financial institutions to verify the authenticity of banknotes.

Coin authentication machines - are the machines used by financial institutions to verify the authenticity of coins.

Counterfeit money detector devices - are the devices used by financial institutions for examining the security elements of banknotes and coins, including magnifiers, ultraviolet lamps, infrared cameras, etc., used by staff members during the manual processing of banknotes to identify the suspicious ones.

Exchange of damaged euro banknotes and coins - means replacing damaged euro banknotes and coins with undamaged euro banknotes and coins.

Applicant - means the party or client who applies to the financial institution for the replacement of damaged euro banknotes and coins.

Portable anti-theft devices - are the devices used by financial institutions to transfer banknotes from one location to another. These devices, in case of theft, explode and stain the banknotes inside.

Euro banknotes stained by the activation of portable anti-theft devices - are the banknotes stained by the explosion of anti-theft devices.

Recirculation of euro banknotes and coins and other currencies - is the process (action) of putting back into circulation after processing euro banknotes and coins and other currencies, received by financial institutions during the exercise of their activity.

Cash deposit or withdrawal machines - are the machines used by clients and provided by banks or other financial institutions, that enable the deposit or withdrawal of cash, including the machines that enable to purchase electronic money or convert them into cash, as well as any similar machine that enables the transaction of conversion of crypto assets into cash or vice versa.

"Virtual asset (crypto-asset)" means a digital representation of a value or a right, which can be transferred and stored electronically using distributed ledger technology (DLT) or similar technology;

CHAPTER II

HANDLING AND WITHDRAWAL FROM CIRCULATION OF EURO BANKNOTES AND COINS AND OTHER CURRENCIES SUSPECTED OF BEING COUNTERFEIT

Article 4 Purpose

The purpose of this chapter is to define the rules and obligations for financial institutions operating in the Republic of Kosovo for the handling of euro banknotes and coins and other currencies suspected of being counterfeit, with the aim of preventing and protecting them from counterfeiting and withdrawing them from circulation in accordance with the conditions set forth in Articles 19 and 20 of Law No. 03/L-209 on Central Bank of Kosovo and in accordance with the obligations arising from Article 302 of the Criminal Code (Code 04/L-082) of the Republic of Kosovo and pursuant to Regulation (EC) No. 44/2009 of the European Commission of 18 December 2008 amending Regulation (EC) No. 1338/2001 of the European Commission, and Regulation (EU) No. 1210/2010 of the European Parliament and the European Council of 15 December 2010.

Article 5 Checking the authenticity of euro banknotes and coins and other currencies

1. Financial institutions shall ensure that all euro banknotes and coins and other currencies they receive during their activity are checked for authenticity and fitness according to the provisions of this Regulation before recirculating them, depositing them in the CBK or sending them abroad.
2. Financial institutions shall ensure that all euro banknotes and coins and other currencies they receive during their activity are checked for authenticity by means of machines for the processing and handling of banknotes and coins or manually by means of authenticity identification devices by trained members of their staff, using authenticity identification devices.
3. The processing machines used by financial institutions for authentication and classification of euro banknotes and coins and other currencies shall be able to accurately identify counterfeit banknotes and coins from genuine ones.
4. Processing machines used by financial institutions for the purpose of checking the authenticity and fitness of euro banknotes and coins may be put into use by financial institutions only if these machines have been successfully tested by the Euro System of National Central Banks.

5. Machines for the processing of euro banknotes that already are in use and are planned to be put in use by financial institutions shall be listed on the European Central Bank's list of machines tested for the authentication of euro banknotes, while machines for the processing of euro coins that already are in use and are planned to be put in use by financial institutions shall be listed in the European Commission's list of machines tested for the authentication of euro coins.
6. Financial institutions shall continuously ensure full performance of processing machines as a prerequisite to check banknotes and coins for quantity, authenticity and fitness.

Article 6

Withdrawal from circulation of euro banknotes and coins and other currencies suspected of being counterfeit

1. Financial institutions shall be obliged to seize and withdraw from circulation euro banknotes and coins and other currencies they receive from the parties, which they know or have sufficient reason to believe are counterfeit.
2. Euro banknotes and coins and other currencies suspected of being counterfeit detected and withdrawn from circulation shall be handed over to the competent authority according to the legislation in force, the relevant instructions and procedures of the latter.
3. Financial institutions shall communicate with the competent authority according to the latter's instructions and procedures regarding the analysis of euro banknotes and coins and other currencies suspected of being counterfeit that they have submitted.
4. Financial institutions shall report to the CBK on euro banknotes and coins and other foreign currencies suspected of being counterfeit that they have submitted to the competent authority on a monthly basis.

Article 7

Actions to be taken by cash operators when handling euro banknotes and coins and other currencies suspected of being counterfeit

1. In cases where cash operators discover a banknote/coin they believe to be counterfeit, they shall follow the steps outlined below.
 - 1.1. Calmly and cordially, in front of the party, do an additional and careful verification of the security features of the banknote/coin suspected of being counterfeit.

1.2. Make sure that the suspect banknote/coin always remains in front of the party.

1.3. If even after the additional verification you still have doubts, then explain to the party that something is wrong with the banknote/coin and that you need to consult your supervisor.

1.4. Do not return the banknote/coin suspected of being counterfeit to the party if the party so requests.

1.5. The party may have been a victim of fraud and as a result may be worried and irritated that the banknote/coin in possession is not genuine. In this case, try to inform the party that he/she is not a suspect, but it is the banknote/coin that is suspected of being counterfeit.

1.6. Check if the security camera is on and make sure it is recording.

1.7. Tell the party that you are obliged, under the laws in force, to notify the competent authority and compile a report (Report on money suspected of being counterfeit).

1.8. Notify the competent authority about the presented case by phone or other means of communication.

1.9. With as little contact as possible, copy both sides of the banknote/coin suspected of being counterfeit, and keep these copies for internal records.

1.10. With as little contact as possible, place the banknote/coin suspected of being counterfeit in a transparent wrapper.

1.11. Complete the relevant sections of the report on money suspected of being counterfeit, and provide a copy of the report to the party.

1.12. Additionally, your supervisor may talk to the party about the banknote/coin suspected of being counterfeit as well as the institution's legal obligations to report it and the importance of withdrawing the counterfeit banknote/coin from circulation. It may also notify the party that, if the banknote/coin suspected of being counterfeit, after examination by the competent authority, proves to be genuine, then the financial institution will compensate the party for the amount of the banknote/coin seized.

1.13. Submit to the competent authority, according to the latter's procedures, the original of the report on the money suspected of being counterfeit and the transparent wrapper containing the banknote/coin suspected of being counterfeit.

Whereas, in a copy of this report, get the signature for acceptance from the official in charge of the competent authority and keep it for internal records.

Article 8
Cooperation with local and foreign authorities

In accordance with the legal requirements in force, the CBK shall cooperate with the local and foreign competent authorities for the exchange of information related to the prevention and protection of euro banknotes and coins and other currencies from counterfeiting.

CHAPTER III

EXCHANGE OF DAMAGED EURO BANKNOTES AND COINS

Article 9

Purpose

The purpose of this chapter is to determine the minimum criteria for the exchange of damaged euro banknotes and coins and their withdrawal from circulation in accordance with Articles 17 and 18 of Law No. 03/L-209 on Central Bank of Kosovo and pursuant to Decision ECB/2003/4 of 20 March 2003 of the European Central Bank, supplemented by Decision ECB/2013/10 of 19 April 2013 on the denominations, specifications, reproduction, exchange and withdrawal of euro banknotes and Regulation (EU) No. 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

Article 10

Requests for the exchange of damaged euro banknotes

1. The part of a genuine euro banknote that must be presented in order to qualify for exchange shall be subject to minimum requirements that shall be met. These requirements mainly concern the surface of the damaged banknote.
2. Based on the request, the financial institutions shall exchange the genuine damaged euro banknotes in cases where:
 - 2.1. at least 60% of the surface of the banknote is presented.
 - 2.2. less than 60% and more than 50% of the surface of the banknote is presented if the applicant (client) proves through a written report that the missing parts were destroyed unintentionally.
3. For the exchange of damaged euro banknotes, the financial institution shall provide to the applicant a standard form to fill in, which shall contain the following elements:
 - 3.1. the identification of the applicant (client) who requests exchange of banknote/banknotes has been made.
 - 3.2. the details of the damaged banknote (denomination, serial number, nominal value and total amount) have been noted by the applicant (client) and checked by the financial institution.

- 3.3. full explanations have been provided by the applicant (client) about the origin of the banknote (proof of ownership, reason for keeping it, etc.).
- 3.4. full explanations have been provided by the applicant (client) about the way the banknote was damaged.
- 3.5. full additional written explanations have been provided by the applicant (client) regarding the type of contaminant, when there are cases of the banknote being stained with paint or moisture.
- 3.6. full additional written explanations have been provided by the applicant (client) regarding the way the banknote was burnt, when there are cases of damage to the banknote due to high heat or fire.
- 3.7. full additional written explanations have been provided by the applicant (client) regarding the manner of unusual damage, when there are cases of damage to the banknote not specified in the points above.

Article 11

Requests for the exchange of damaged euro coins

1. Genuine euro coins that shall be presented in order to qualify for exchange shall be subject to the rules and requirements set forth in Articles 8, 9, 10 and 11 of Regulation (EU) No. 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.
2. For the application for the exchange of damaged euro coins, the financial institution shall provide the applicant with a standard form to fill in, which shall contain the following elements:
 - 2.1 the identification of the applicant (client) who requests exchange of coins has been made.
 - 2.2 damaged coins have been noted by the applicant (client) and checked by the financial institution.
 - 2.3 full explanations have been provided by the applicant (client) about the origin of the coins (evidence of ownership, reason for keeping them, etc.).
 - 2.4 full explanations have been provided by the applicant (client) about the way the coins were damaged.

- 2.5 full additional written explanations have been provided by the applicant (client) regarding the type of damage, when cases of physical damage to the coins are presented.
- 2.6 full additional written explanations have been provided by the applicant (client) regarding the manner of unusual damage, when there are cases of damage to coins not specified in the points above.
3. Based on the applicant's request, financial institutions shall contact a Eurozone bank to obtain instructions about the conditions for exchange and reimbursement of damaged euro coins.
4. Additional conditions imposed by a Eurozone bank not defined in this Regulation shall apply to requests for exchange.

Article 12

Handling requests for the exchange of euro banknotes damaged by the activation of portable anti-theft devices

1. The CBK shall handle the requests of financial institutions for the exchange of euro banknotes stained by the activation of portable anti-theft devices according to the following conditions:
 - 1.1 written explanations have been given by the financial institution regarding the incident, the cause and the type of stain.
 - 1.2 the police authorities have been informed and written explanations have been given at the scene by the police authorities (police report) regarding the incident, the cause and the type of stain.
 - 1.3 copies of the technical specifications of the stain of anti-theft devices used by financial institutions have been provided.
 - 1.4 additional conditions applied by a Eurozone bank not defined in this regulation.
2. Based on the financial institution's request, the CBK shall contact a Eurozone bank to request the reimbursement of euro banknotes damaged by the activation of anti-theft devices.
3. CBK shall receive in sealed packages the euro banknotes damaged by the activation of anti-theft devices and all relevant documents from the financial institution based on the principle of collection by giving the financial institution a proof of delivery.

4. The CBK shall send the euro banknotes damaged by the activation of the anti-theft devices and the relevant documents received from the financial institutions to the Eurozone bank based on the principle of collection based on the request for exchange.
5. The crediting of financial institutions by the CBK for the reimbursed amount shall be done only after the contacted Eurozone bank has closed the case and credited the CBK for the amount sent for reimbursement.

Article 13
Refusal to exchange damaged euro banknotes
and coins

1. In cases where financial institutions have sufficient reason to believe that euro banknotes and coins have been intentionally damaged or a criminal offense has been committed with them, then their exchange shall be refused and the police authorities shall be notified. Only if it is decided otherwise by the competent authorities at the end of the investigation, the euro notes/coins shall be qualified for exchange.
2. Euro banknotes damaged to a small degree such as tears, numbers or short words written on them and similar things shall in principle not be considered as intentionally damaged euro banknotes.

Article 14
Fees for exchange of damaged euro banknotes

1. The fee applied by the financial institutions for the exchange of damaged euro banknotes shall not exceed the amount of 1 euro for a damaged euro banknote in cases where the applicant (client) has presented only one banknote for exchange.
2. The fee applied by the financial institutions for the exchange of damaged euro banknotes shall not exceed the amount of 0.5 euros for one damaged euro banknote in cases where the applicant (client) has presented two or more damaged banknotes for exchange.
3. Financial institutions shall cover all fees applied by Eurozone banks for the replacement of euro banknotes that have been damaged during the use of portable anti-theft devices.

Article 15
Fees for exchange of damaged euro coins

1. The fees applied by financial institutions for the exchange of damaged euro coins shall be subject to the rules and requirements set forth in the relevant articles of Regulation (EU) No. 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.
2. Financial institutions shall cover all fees applied by Eurozone banks for the replacement of damaged euro coins.

CHAPTER IV
MINIMUM STANDARDS FOR THE CHECKING AND RECIRCULATION OF
EURO BANKNOTES AND COINS

Article 16
Purpose

The purpose of this chapter is to establish the minimum standards for the checking and recirculation of euro banknotes and coins in accordance with the standards of the status classification adopted by the European System of Central Banks through ECB decision /2010/14 of the European Central Bank of September 16, 2010 on the authenticity and fitness checking and recirculation of euro banknotes, and Regulation (EU) No. 1210/2010 of the European Parliament and European Council of December 15, 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

Article 17
General requirements
on checking and recirculation of euro banknotes

1. Financial institutions shall ensure that euro banknotes they accept during their business and intend to put back into circulation, shall be checked for authenticity and fitness as set out in this regulation.
2. Checking the authenticity and fitness of euro banknotes is carried out:
 - 2.1 through banknote handling machines
 - 2.2 manually by staff trained for this purpose
3. Machines used by the financial institution staff, when used for the purpose of checking the authenticity and fitness, and machines used by financial institutions clients may be put to use by the subjects of this regulation, only if they have been successfully tested by the European System of Central Banks.
4. Financial institutions, with the prior authorization of the CBK, may for a temporary period recirculate manually processed euro banknotes by a trained staff member, but not more than 5% of the volume and only in case of an event that may affect significant reduction of the processing capacity of the machine.

Article 18
General requirements
on the checking and recirculation of euro coins

1. Financial institutions shall ensure that euro coins they receive during their business and intend to put back into circulation shall be checked for authenticity and fitness as set out in this Regulation.
2. Checking the authenticity and fitness of euro coins is carried out:
 - 2.1 through coin handling machines
 - 2.2 manually by staff trained for this purpose
3. Machines used by financial institution staff, when used for the purpose of checking authenticity and fitness, and machines used by financial institution clients may be put to use by the subjects of this Regulation, only if they have been successfully tested by the European System of Central Banks.

Article 19
General technical requirements
for euro banknote handling machines

1. Banknote handling machines shall process euro banknotes, classifying and separating them physically according to the provisions of this Regulation without the intervention of the machine operator.
2. Euro banknote handling machines shall have the required number of stackers dedicated to ensure the correct classification and separation of euro banknotes processed.
3. Euro banknote handling machines shall be adaptable to ensure the accurate detection of new counterfeited banknotes and, if deemed necessary, enable the establishment of more mitigating or more stringent standards in the classification of fitness.

Article 20
General technical requirements
for euro coin handling machines

1. Coin handling machines shall process euro coins, providing accurate classification and separation of suspected counterfeit euro coins and euro coins that are damaged.
2. Euro coin handling machines shall be adaptable to ensure accurate detection of new counterfeit coins.

Article 21
Categories of euro banknotes handling machines

1. In order to protect the integrity of the euro banknotes and to enable the detection of counterfeiting, the euro banknotes that are put into circulation, in addition to being genuine, must also have a good quality (fit) condition in order to ensure that these euro banknotes can be easily checked for their authenticity. Therefore, checking of authenticity and fitness by financial institutions is indispensable.
2. Euro banknote fitness check shall be carried out by means of processing machines and/or manually by trained staff members.
3. Banknote handling machines are categorized in:
 - 3.1 machines used by client of the financial institution
 - 3.2 machines used by the staff of the financial institution

Article 22
Categories of machines used
by the client of financial institutions

1. Machines used by the financial institution clients are categorized according to the definitions in Table 1 below.

Table 1:
Categories of machines used by the financial institution clients

Category	Type	Description
A. Machines used by the Financial Institutions clients when cash is deposited with client tracking		
1	CIM Cash-In Machines* * <i>Cash-In Machines</i>	Cash-In Machines (CIMs) allow clients to deposit euro banknotes into their bank accounts using a bank card or other means but do not have any cash withdrawal function. Cash-In Machines (CIMs) check banknotes for authenticity and allow for account holder tracking; suitability checks are optional.
2	CRM Cash Recycling Machine* * <i>Cash-Recycling Machines</i>	Cash recycling machines (CRMs) allow clients to deposit and withdraw euro banknotes from their bank accounts, using a bank card or other means. Cash Recycling Machines (CRMs) check euro banknotes for authenticity and suitability and allow the account holder tracking. For withdrawal of banknotes, CRMs can only use authentic and fit euro banknotes that have been deposited by other clients in previous transactions.
3	CCM Combined Cash-In Machines * * <i>Combined Cash-in Machines</i>	Combined Cash-In Machines (CCMs) allow clients to deposit and withdraw euro banknotes from their bank accounts, using a bank card or other means. CCMs check euro banknotes for authenticity and allow for account holder tracking; suitability checks are optional. For withdrawals, CCMs do not use euro banknotes that have been deposited by other clients in previous transactions, but only euro banknotes loaded separately into them.
B. Other machines used by the financial institution clients		
4	Cash-Out Machines COM* * <i>Cash-Out Machines</i>	Cash-Out Machines (COMs) are cash withdrawal machines that check euro banknotes for authenticity and fitness before delivering them to clients. COMs use euro banknotes deposited into them by entities or other automatic systems (e.g. vending machines).

Article 23
Categories of machines used
by the staff of financial institution

1. Machines used by the financial institution staff are categorized as defined in Table 2.

*Table 2:
Categories of machines used by Financial Institution staff*

Category	Business	Description
1	<p>BPM Banknote Processing Machine*</p> <p style="text-align: center;"><i>* Banknote Processing Machines</i></p>	<p>Banknote Processing Machines (BPMs) check euro and other banknotes for authenticity and fitness.</p> <p>BPM category machines have at least three dedicated output stackers:</p> <ul style="list-style-type: none"> ✓ at least one dedicated output stacker for banknotes fit for recirculation. ✓ at least one dedicated output stacker for banknotes unfit for recirculation. ✗ at least one dedicated reject stacker for suspect banknotes.
2	<p>BAM Banknote Authentication Machine*</p> <p style="text-align: center;"><i>* Banknote Authentication Machines</i></p>	<p>Banknote Authentication Machines (BAMs) check euro and other foreign banknotes for authenticity.</p> <p>Banknote Authentication Machines (BAMs) have two dedicated racks:</p> <ul style="list-style-type: none"> ✓ one dedicated output stacker for fit and unfit banknotes for recirculation. ✗ one dedicated reject stacker for suspect banknotes.
3	<p>TARM Teller Assistant Recycling Machine *</p> <p style="text-align: center;"><i>* Teller Assistant Recycling Machines</i></p>	<p>Teller Assist Recycling Machines (TARMs) are machines used by cash handlers that check euro banknotes for authenticity and fitness. For withdrawals, TARMs may use authentic and fit euro banknotes that have been deposited by other clients in previous transactions. They keep banknotes in safe custody and allow cash handlers to credit or debit the bank accounts of clients.</p>
4	<p>TAM Teller Assistant Machine*</p> <p style="text-align: center;"><i>* Teller Assistant Machines</i></p>	<p>Teller Assist Machines (TAMs) are machines used by cash handlers that check euro and other foreign banknotes for authenticity. They keep euro banknotes in safe custody and allow financial institutions to credit or debit bank accounts of clients.</p>

2. When Teller Assistant Recycling Machines (TARMs) and Teller Assistant Machines (TAMs) allow clients to deposit or withdraw euro banknotes, these machines shall be considered machines used by the client of the Financial Institution and shall classify and handle euro banknotes in accordance with the list of categories of classification and handling of euro banknotes.

Article 24

Minimum standards for checking the condition of euro banknotes

1. Financial institutions are obliged to perform fitness checks on all euro banknotes they accept during their operations, in addition to checking their authenticity.
2. Euro banknotes that do not pass the authenticity and fitness check shall not be recirculated.

3. Euro banknotes that during processing and classification are not in accordance with the criteria for fitness set in the list of criteria for fitness checking of euro banknotes, shall be removed from circulation. The following list includes the main criteria for fitness checking of euro banknotes:

*Table 3:
List of minimum criteria for checking the fitness of euro banknotes*

#	Defect in banknote	Definition
1	Contamination	General distribution of dirt across the entire banknote
2	Stain	Localized concentration of dirt
3	Graffiti	Added image or lettering written or marked in any manner on a euro banknote
4	De-inked banknote	Lack of ink on part or whole of the euro banknote, e.g. a washed banknote
5	Tear	Self-explanatory
6	Hole	Self-explanatory
7	Mutilation	Banknote with part(s) missing, along at least one edge (as opposed to holes)
8	Repair	Parts of one banknote joined together by tape or glue
9	Crumples	Multiple random folds
10	Limpness	Structural deterioration resulting in a marked lack of stiffness
11	Fold	Self-explanatory
12	Folded corner	Self-explanatory
13	Composed banknote	Banknote composed of different banknotes parts

3.1. Contamination

Contamination of euro banknotes increases the optical density and decreases its reflection.

The following table specifies the maximum density increase of limit samples compared to new euro banknotes that euro banknotes shall show to be classified as fit:

Table 4:
Optical density levels

Denomination	The maximum density increase of limit sample compared to the new euro banknote	Filter
5 EUR	0.06	Purple (Magenta)
10 EUR	0.06	Purple (Magenta)
20 EUR	0.08	Purple (Magenta)
50 EUR	0.07	Purple (Magenta)
100 EUR	0.07	Purple (Magenta)
200 EUR	0.04	Purple (Magenta)
500 EUR	0.04	Purple (Magenta)

3.2. Stain

Euro banknotes with a localized concentration of dirt covering at least 9 mm by 9 mm on the non-printed area, or at least 15 mm by 15 mm on the printed area are unfit.

3.3. Graffiti

Euro banknotes with a localized concentration of writing or graffiti. No mandatory requirement.

3.4. De-inked banknote

De-inking of euro banknotes can occur, for example, if they have been washed or subjected to the action of detergents. These types of euro banknotes unfit for recirculation may be detected by image detectors or UV detectors.

3.5. Tear

Euro banknotes with tears which are open and not partly or fully covered by the machine's transport belts are unfit if the size of the tear is greater than indicated below.

Table 5:
Tear

Direction	Width	Length
Vertical	4 mm	8 mm
Horizontal	4 mm	15 mm
Diagonal	4 mm	18 mm (*)

* It is measured by drawing a straight line from the peak of the tear to the edge of the banknote where the tear begins (coordinate projection), rather than measuring the length of the tear itself.

3.6. Hole

Euro banknotes with holes, which are not partly or fully covered by the machine's transport belt, shall be classified as unfit if the area of the hole is greater than 10 mm².

3.7. Mutilation

Euro banknotes with length reduced by 6 mm or more, or width reduced by 5 mm or more are unfit for recirculation. All measurements relate to differences from the nominal lengths and widths of euro banknotes.

3.8. Repair

A repaired euro banknote is created by joining parts of the euro banknote together, e.g. by using tape or glue. Euro banknote with tape covering an area greater than 10 mm by 40 mm and which is more than 50 µm (micrometers) thick is unfit for recirculation.

3.9. Crumples

Crumpled euro banknotes can normally be identified if their level of reflectance or stiffness is reduced.

3.10. Limpness

Euro banknotes with significantly reduced structural stiffness are sorted out as unfit for recirculation. As limpness normally correlates with contamination, limped euro banknotes are generally detected via contamination detectors as well.

3.11. Fold

Folded euro banknotes, because of their reduced length or width, can be detected by sensors checking for the size of euro banknotes. In addition, they can be detected by thickness sensors. However, due to technical limitations, only folds fulfilling criteria laid down for mutilations, ie. folds leading to a reduction in length greater than 6 mm or a reduction in width greater than 5 mm, can be identified and are unfit for recirculation.

3.12. Folded corners

Euro banknote with a folded corner with an area greater than 130 mm² and a length of more than 10 mm on its shorter side is unfit for recirculation.

3.13. Composed banknotes

Composed banknotes are created when euro banknotes are divided intentionally into parts, only some of which are then joined together, or when parts of different euro banknotes are

joined together, in order to create additional euro banknotes. As composed euro banknotes differ from genuine banknotes by their reduced size, thickness and by a distortion of the image, the size, thickness or image detectors of the machines might identify these banknotes.

4. Internal detectors in banknote processing machines shall be adopted to separate the banknotes unfit for circulation under the criteria set out in the list of minimum criteria for fitness checking of euro banknotes.

Article 25

Minimum standards for recycling of euro banknotes

1. Financial institutions may recycle euro banknotes on condition that the banknotes returned into circulation are duly checked for authenticity and fitness.
2. Checks of the condition of the banknotes will be carried out in accordance with the criteria set out on the list of minimum criteria for the classification of the euro banknotes fitness (*Table 3*) under the procedures specified on the list of categories of euro banknotes classification and handling (*Table 6*).
3. Euro banknotes in bad condition (unfit) shall be deposited at the CBK and/or sent to a relevant institution in the Eurozone.
4. Suspect counterfeit euro banknotes shall be handed over to the competent authorities according to the latter's instructions and procedures.
5. During the euro banknotes checking, manually or by verification equipment or machines for the processing of banknotes, the following classification, checking and handling rules shall apply.

Table 6:
List of categories for classification and handling of euro banknotes

Category	Classification	Results after checking	Action
4a	Banknotes that are identified as genuine and fit.	<ul style="list-style-type: none"> ✓ All authenticity checks made by the machine have given positive results. ✓ Condition checks made by the machine have given positive results. 	<ul style="list-style-type: none"> ✓ May be used for recirculation. ✓ May be deposited at the Central Bank of Kosovo ✓ May be sent to a relevant institution in the Eurozone. ✓ May be credited to the account holder.
4b	Banknotes that are identified as genuine but unfit.	<ul style="list-style-type: none"> ✓ All authenticity checks carried out by the machine have given positive results. ✗ Eligibility checks carried out by the machine have given negative results. 	<ul style="list-style-type: none"> ✗ Shall not be used for recirculation. ✓ Shall be deposited at the Central Bank of Kosovo or sent to a relevant institution in the Eurozone.

			✓ Shall be credited to the account holder.
1	Objects not recognized as euro banknotes	Not recognized as euro banknotes because of any of the following reasons: <ul style="list-style-type: none"> ✗ non-euro banknotes; ✗ objects similar to euro banknote; ✗ wrong image or format; ✗ large folded corners or missing parts; ✗ processing machine error during banknote supply or transportation 	? Return by the machine to the operator for further evaluation and treatment. ? Objects not recognized as euro banknotes: e.g. blank paper, other currencies and cheques. ? After visual evaluation by a staff member, these objects should be classified.
2	Suspect counterfeit euro banknotes	The image and format recognized, but one or more authentication features checked by the machine not detected or are clearly out of standard tolerance.	? Return by the machine to the operator for further evaluation and handling. ? Shall be analysed separately and confiscated because of suspect counterfeit banknotes. ? Shall be handed over to competent authorities because of suspect counterfeit banknotes ? The depositor shall be provided with a notification on confiscation. ✗ Shall not be credited to the account holder's account.
3	Euro banknotes that are not clearly authenticated.	Image and format recognized, but not all authentication features checked by the Machine recognized because of quality, age and/or tolerance deviations. In most cases, the banknotes are of poor quality, but they can also be counterfeit.	? Return by the machine to the operator for further evaluation and handling. ? Shall be analysed separately and confiscated if authenticity cannot be verified. ? Due to the impossibility of verifying authenticity, they shall be handed over to the competent authorities for authentication. ✗ Shall not be credited to the account holder's account.

Article 26

Specific rules for the use of machines and classification for some staff-operated machines

1. Specific classification rules for certain machines used by Financial Institution staff include:

1.1 Banknote Processing Machines (BPM) physically sort and separate category 1, 2 and 3 euro banknotes in one or more dedicated reject stackers and physically sort and separate category 4a and 4b euro banknotes in at least two dedicated output stackers. To carry out this process, banknote processing machines (BPM) are equipped with at least three dedicated output stackers, in order to avoid the intervention of the machine operator. Banknote processing machines (BPM) equipped with only one dedicated reject stacker and one dedicated output stacker may sort and classify euro banknotes if the following requirements are fulfilled:

1.1.1 The authenticity and fitness checks are conducted in the first process. During this process, any category 4a euro banknote shall be sorted into a separate dedicated output stacker, whereas euro banknotes of

categories 1, 2, 3 and 4b shall be sorted into a separate dedicated reject stacker that does not have any physical contact with euro banknotes of category 4a.

1.1.2 Banknotes of category 1, 2, 3 and 4b separated in the second stacker during the first process will be processed once again with a second process. In this second process, each euro banknote of category 4b shall be separated into a dedicated output stacker, whereas euro banknotes of categories 1, 2 and 3 shall be separated into a dedicated reject stacker. In this process, since the machine is not able to physically separate categories 1, 2 and 3 into dedicated stackers then these banknotes will be handled as category 2 banknotes.

1.1.3 Category 1, 2 and 3 banknotes separated together during the second process will be taken from the machine and will be handled and analysed manually for further classification under categories 1, 2 and 3.

1.2 Banknote Authentication Machines (BAMs) physically sort and classify category 1, 2 and 3 euro banknotes into one dedicated reject stacker and physically sort and classify category 4a and 4b euro banknotes into one dedicated output stacker. To carry out this activity, the Banknote Authentication Machines are equipped with a total of two dedicated stackers, in order to avoid the intervention of the machine operator. Banknote authentication machines (BAMs) equipped with only one dedicated output stacker may sort euro banknotes if the following requirements are fulfilled:

1.2.1 Whenever a category 1, 2 or 3 euro banknote is sorted during the process, the machine shall stop the process immediately and hold the category 1, 2 or 3 euro banknote in a position that avoids physical contact with authenticated euro banknotes.

1.2.2 The result of this authenticity check shall be shown on a screen for each category 1, 2 or 3 euro banknote.

1.2.3 The machine shall check for the presence of a category 1, 2 or 3 euro banknote when interrupting the process, and the process can resume after the physical removal of the category 1, 2 or 3 euro banknote by the operator.

1.2.4 For each processing stop no more than one category 1, 2 or 3 of euro banknote may be accessible to the operator.

Article 27
Use of processing machines
and performance tests

1. Banknote processing machines used by financial institutions to check the authenticity and to sort euro and other denominations must be able to reliably identify counterfeited euro and other foreign denomination banknotes from genuine ones.
2. Processing machines used by financial institutions for the purpose of checking the authenticity and fitness of euro banknotes and coins may be put into use by financial institutions only if these machines have been successfully tested by the European System of Central Banks.
3. Existing euro banknote processing machines and those planned to be put into use by financial institutions shall be listed in the list of the European Central Bank:
4. Existing euro banknote processing machines and those planned to be put into use by financial institutions shall be listed in the list of the European Commission:
5. Financial institutions shall obtain a statement from the machine's manufacturer or its authorized representative, guaranteeing that the characteristics of the installed machine correspond to those of the machine included in the published list of the European Central Bank and/or the European Commission and that the machine installed processes banknotes and coins in the same way as a machine of the same type tested by the European Central Bank.
6. Machines owned and used by financial institutions that are not included in the list published on the website of the European Central Bank and the European Commission shall not be used.
7. Financial institutions continuously ensure full performance of processing machines as a prerequisite to check euro banknotes and coins for quantity, authenticity and fitness.
8. Financial institutions ensure that they have the latest version of the hardware/software provided by the machine manufacturer and ensure that the hardware/software is continuously updated as a prerequisite for checking euro banknotes and coins for quantity, authenticity and fitness in line with recent developments and requirements.
9. In order to achieve full performance (duly checking for authenticity and fitness), Financial Institutions ensure that in all branches where euro banknotes are processed for recirculation they have at least one banknote processing machine of the BPM category which has at least three dedicated stackers:

- 9.1 at least one dedicated output stacker for banknotes fit for recirculation (category 4a).
 - 9.2 at least one dedicated output stacker for banknotes unfit for recirculation (category 4b).
 - 9.3 at least one dedicated reject stacker for suspicious euro banknotes (category 1, 2 and 3).
10. In order to achieve full performance (duly checking for authenticity and fitness), Financial Institutions ensure that in all branches where euro coins are processed for recirculation, they have at least one coins processing machine of the category which has at least three dedicated stackers:
- 10.1 at least one dedicated output stacker for coins fit for recirculation.
 - 10.2 at least one dedicated reject stacker for damaged coins and foreign coins.
 - 10.3 at least one dedicated reject stacker for suspicious coins.

Article 28

Supervision of processing machines

1. CBK on its own, or if needed, in cooperation with other competent authorities, can carry out inspections and performance tests of machines aimed at examining the internal detection systems and the ability of the machine to carry out the main functions of:
 - 1.1 verifying the authenticity of euro banknotes and coins.
 - 1.2 detecting and sorting euro banknotes and coins suspected to be counterfeit.
 - 1.3 detecting and sorting unfit euro banknotes and coins from fit ones, if euro banknotes are processed for recirculation in the inspected site.
 - 1.4 tracing of objects identified as euro banknotes, suspected of being counterfeit, and of euro banknotes that have not been clearly authenticated, if applicable.
2. CBK, in order to verify the implementation of the requirements of this regulation during the inspection process in the premises of financial institutions, may take samples of euro banknotes and coins processed by financial institutions to check them in its premises.

3. In case of non-implementation of the provisions of this regulation, the CBK shall determine the corrective and punitive measures against financial institutions within a specified time limit.

CHAPTER V
STANDARDS FOR THE PACKAGING OF EURO BANKNOTES AND COINS FOR
DEPOSIT AT THE CENTRAL BANK OF KOSOVO

Article 29
Purpose

The purpose of this chapter is to define the standards for financial institutions for the packaging of euro banknotes and coins for deposit at the CBK, and it aims to increase the efficiency of cash operations.

Article 30
Packaging and deposit of banknotes and coins

Euro banknotes and coins that are deposited by financial institutions at the CBK must be packaged and labeled as specified in the following articles.

Article 31
Packaging of euro banknotes for deposit at CBK

1. Packaging of euro banknotes

1.1 A package shall contain a total number of 100 euro banknotes of the same denomination of a series of euro banknotes. The packaging shall be tied with a tape indicating as follows:

- 1.1.1 The name or abbreviation of the depositing financial institution.
- 1.1.2 The number of euro banknotes units.
- 1.1.3 The total amount of euro banknotes.
- 1.1.4 Date of packaging.
- 1.1.5 At least one signature of the staff who packed the package.

2. Bundle of banknotes

2.1 A bundle shall contain 10 packages (10 x 100 = 1,000 banknotes) of the same denomination of a series of euro banknotes.

2.2 The ten packages should be tied together using a plastic strap or a transparent plastic bag.

- 2.3 Each package within the package shall be in full compliance with the specifications set for the packaging of euro banknotes.
- 2.4 Each package within the bundle shall have the same signature of the staff who packed the package.

3. Half-bundle of banknotes

- 3.1 A half-bundle shall contain 5 packages ($5 \times 100 = 500$ banknotes) of the same denomination of a series of euro banknotes.
- 3.2 The five packages should be tied together using a plastic strap or a transparent plastic bag.
- 3.3 Each package within the half-bundle shall fully comply with the specifications set for the packaging of euro banknotes.
- 3.4 Each package within the half-bundle shall have the same signature of the staff who packed the package.

4. Banknote deposit

- 4.1 Regarding the euro banknotes deposits at the CBK in a single deposit, the following are allowed to be deposited:
 - 4.1.1 Tied/fixed bundles of euro banknotes ($10 \times 100 = 1,000$ banknotes).
 - 4.1.2 Only one tied half-bundle of euro banknotes per denomination ($5 \times 100 = 500$ banknotes).
 - 4.1.3 Each package within the bundle or half-bundle must have the same signature of the staff who packed the package.
- 4.2 Deposits of euro banknotes at CBK that do not comply with these criteria will not be accepted.

Article 32
Packaging of coins for deposit at CBK

1. Packaging of coins

- 1.1 Packaging of euro coins shall be made in safe transparent plastic bags intended for packaging coins.
- 1.2 Safe transparent plastic bags shall have a strip attached to the front during manufacture on which the date, signature, denomination, number of coins, amount of coins and the minimum gross weight contained in the bag must be marked.
- 1.3 Safe transparent plastic bags shall contain the number of euro coin denominations shown in the following list:

Table 7:

List of criteria for packaging euro coins in safe transparent plastic bags

Denomination	Number	Amount	Minimum gross weight
2 EUR	500 pieces	1,000.00 EUR	4,250 kg
1 EUR	500 pieces	500.00 EUR	3,750 kg
0.5 EUR	1,000 pieces	500.00 EUR	7,800 kg
0.2 EUR	1,000 pieces	200.00 EUR	5,740 kg
0.1 EUR	1,000 pieces	100.00 EUR	4,100 kg
0.05 EUR	2,000 pieces	100.00 EUR	7,840 kg
0.02 EUR	2,000 pieces	40.00 EUR	6,120 kg
0.01 EUR	2,000 pieces	20.00 EUR	4,600 kg

- 1.4 Deposits of euro coins at CBK that do not comply with these criteria will not be accepted.

2. Deposit of coins

- 2.1 Regarding the deposits of euro coins at the CBK in a single deposit, the following are allowed to be deposited:
- 2.1.1 coins packed in safe transparent plastic bags according to the criteria for packaging euro coins in safe transparent plastic bags.
- 2.1.2 not more than 40 bags of €2 or €1 denominations.
- 2.1.3 not more than 20 bags of €0.5, €0.2 or €0.1 denominations.

- 2.1.4 not more than 15 bags of €0.05, €0.02 or €0.01 denominations.
- 2.2 Deposits of euro coins at CBK that do not comply with this criterion will not be accepted.

Article 33
Accuracy of euro banknotes and coins packages

1. Euro banknotes and coins to be deposited at CBK by financial institutions shall contain the exact number of euro banknotes declared in the tying tape and coins declared in the transparent bag bandage.
2. Financial institutions that carry out operations with euro banknotes and coins with the CBK shall sign a statement through which they agree and authorize the CBK to debit/credit their accounts after processing the euro banknotes and coins in the following cases:
 - 2.1 if during the processing of euro banknotes and coins deposits, the CBK finds a shortage in relation to the number declared in the deposit. The financial institution will be informed in writing through the standard form and the missing amount shall be debited from the account of the financial institution.
 - 2.2 if during the processing of euro banknotes and coins deposits, the CBK finds a surplus in relation to the number declared in the deposit. The financial institution will be informed in writing through the standard form and the surplus will be credited to the account of the financial institution.
 - 2.3 if during the processing of euro banknotes and coins deposits, the CBK suspects that any of the euro banknotes or coins are suspected to be counterfeit. The financial institution will be informed in writing through the standard form, while the banknotes or coins will be handed over to the competent authority. The ascertained value of euro banknotes or coins suspected to be counterfeit will be debited from the account of the financial institution until the competent authority informs otherwise.
3. In case of ongoing non-compliance with point 1 of this Article, CBK shall undertake corrective measures against the financial institution, within a specified time limit, including the right of exclusion for a certain time from the right of deposits.

CHAPTER VI
CASH PAYMENT TRANSACTIONS

Article 34

Purpose

The purpose of this chapter is to determine the conditions for the circulation of the currency allowed for carrying out cash transactions in the Republic of Kosovo.

Article 35

Euro currency

1. The only currency allowed to be used for carrying out cash payment transactions and in the payment system in the Republic of Kosovo is euro, as the only currency also within the meaning of Article 11 of the Constitution of the Republic of Kosovo and Articles 16, 17 and 18 of Law No. 03/L-209 on Central Bank of the Republic of Kosovo.
2. Central Bank of the Republic of Kosovo is the only monetary authority that can decide on the permitted denominations of the euro currency for circulation in the Republic of Kosovo.

Article 36

Other currencies

1. Other non-euro currencies can be used in the Republic of Kosovo only as a store of value in physical form or in bank accounts in non-euro currencies, for making international payments in non-euro currencies and for foreign exchange activities.
2. Currency exchanges can be carried out in the Republic of Kosovo only through institutions licensed by the Central Bank of the Republic of Kosovo that offer this service.

Article 37

Repeal and prohibitions

1. Any other provision that conflicts with this regulation is repealed from the moment of entry into force of this regulation.
2. Banking and non-banking financial institutions are obliged to stop the recirculation of the existing €500 banknote.

CHAPTER VII

IMPORT AND EXPORT OF EURO BANKNOTES AND COINS AND OTHER CURRENCIES IN THE REPUBLIC OF KOSOVO

Article 38

Purpose

The purpose of this chapter is to determine the rules, procedures and obligations for the import and export of euro banknotes and coins and other currencies from and to the Republic of Kosovo in accordance with the duties set forth in Article 8, paragraph 1.4, and Articles 16, 17 and 18 of Law No. 03/L-209 on Central Bank of Kosovo.

Article 39

Exclusive right

1. The import and export of euro banknotes and coins and other currencies in the Republic of Kosovo is the exclusive right of the Central Bank of the Republic of Kosovo.
2. The Central Bank of the Republic of Kosovo may license and authorize financial institutions licensed to operate in the Republic of Kosovo, to carry out import and export according to the conditions and procedures defined in Chapter VII.

Article 40

Import and export by legal entities

1. The import and export of euro banknotes and coins and other currencies in the Republic of Kosovo can only be done for and by banking and non-banking financial institutions licensed by the Central Bank of the Republic of Kosovo for the exercise of financial banking activities.
2. Banking and non-banking financial institutions licensed by the Central Bank of the Republic of Kosovo for exercising financial activities may import or export banknotes and coins only after a license granted and special written authorization from the Central Bank of the Republic of Kosovo for this service.
3. The license and special written authorization for the import and export of euro banknotes and coins and other currencies in the Republic of Kosovo is issued by the Central Bank of the Republic of Kosovo in accordance with, and under the conditions set forth in Chapter VI and the respective articles of this regulation.
4. The license for the import and export of euro banknotes and coins and other currencies in the Republic of Kosovo is issued by the Central Bank of the Republic of Kosovo for a period of time specified in the license.

5. Based on the license and the request of the licensed banking and non-banking financial institution that requests to import or export banknotes and coins, the Central Bank of the Republic of Kosovo assesses, decides and authorizes the amount of euro banknotes and coins and other currencies that are allowed to be imported or exported. The request for import or export must contain at least the currency, the amount according to the denominational structure, the country of origin, the final destination including the purpose and full reasons for the import or export.
6. In accordance with point 3 of this Article, the license for the import or export of banknotes and euro coins and other currencies in the Republic of Kosovo according to point 2 of this Article, is issued by the Department responsible for Licensing within the Central Bank of the Republic of Kosovo. In any case, the license also contains each currency that is allowed to be imported or exported by the license applicant.
7. In accordance with point 3 of this Article, the special authorization for each import or export according to points 2 and 5 of this Article is issued by the Department responsible for Cash within the Central Bank of the Republic of Kosovo. In any case, the authorization also contains the amount of euro banknotes and coins and other currencies that are authorized to be imported or exported.
8. Legal entities that are not licensed by the Central Bank of the Republic of Kosovo for the exercise of banking or non-banking financial activity in the Republic of Kosovo, do not have the right to carry and transport banknotes and coins and other currencies, or have them carried or transported on their behalf, from and to the Republic of Kosovo.
9. In the case of import according to the conditions and authorizations defined in this Article, banking or non-banking financial institutions must transport the euro banknotes and/or coins or other currencies to the last destination where their deposit is foreseen.
10. The responsible state authorities - Kosovo Customs and Kosovo Police shall ensure that the cross-border import or export of euro banknotes and coins and other currencies from and to the Republic of Kosovo may only be permitted by presenting proof of license and authorization issued by the Bank Central of the Republic of Kosovo.
11. In case of violation of the obligations arising from this Article, legal entities lose the right to license for the import and export of euro banknotes and coins and other currencies in the Republic of Kosovo and may be subject to other administrative measures in accordance with legal authorizations of the Central Bank of the Republic of Kosovo.

Article 41

Import and export to and from natural persons

1. Natural persons are entitled to carry euro banknotes and coins and other currencies from and to the Republic of Kosovo only in accordance with the Law on the prevention of money laundering and combating terrorist financing.
2. In order to prevent the inflow of counterfeit money, natural persons and legal entities that do not exercise financial activities are obliged to declare coins if they carry more than 100 units.

Article 42

Import and export of banknotes and coins used for numismatic activity

1. The import and export of banknotes and coins that cannot serve as a legal means of payment and that serve for numismatic and similar activities is not prohibited.

Article 43

Exceptions

1. The transitory passage of banknotes and coins in the territory of the Republic of Kosovo is not prohibited by this regulation.
2. Responsible state authorities - Kosovo Customs and Kosovo Police ensure transit according to their procedures.

Article 44

Procedures

1. The procedural aspects of obtaining a license and special authorization for the import and export of banknotes and coins will be determined through a special procedure which is provided for financial institutions that submit a request for licensing and authorization from the Central Bank of the Republic of Kosovo.

CHAPTER VIII
OFFERING CASH SERVICES THROUGH CUSTOMER-USED MACHINES

Article 45
Purpose

The purpose of this chapter is to determine the rules, procedures and obligations for service providers of depositing or withdrawing cash through cash deposit or withdrawal machines.

Article 46
Cash deposit or withdrawal services through machines used by the customer

1. In accordance with all the obligations arising from this regulation, the cash supply of machines used by the customer that enable the deposit or withdrawal of cash from a payment account can only be made by banking financial institutions licensed by the Central Bank of the Republic of Kosovo for the provision of financial services.
2. The cash supply of machines used by the customer, by financial banking institutions, can be done exclusively only with banknotes and coins either supplied by the Central Bank of the Republic of Kosovo, imported from Euro system banks, or with banknotes and coins of the banking financial institutions themselves, which have previously been processed with modern processing machines in accordance with all the obligations arising from this regulation.
3. Machines used by the customer that offer the possibility of depositing banknotes and coins shall be able to verify the authenticity of the banknotes and coins, trace the customer, and be able to seize, withdraw and not return the money suspected to be counterfeit to the customer
4. Non-banking financial institutions that are licensed by the Central Bank of the Republic of Kosovo, which offer payment and electronic money accounts, in addition to banking institutions that are licensed for this activity, shall obtain the license and additional authorization from the Central Bank of the Republic of Kosovo for providing the service of depositing or withdrawing cash, or purchasing and returning electronic money through machines used by the customer.
5. The cash supply of machines used by the customer of non-banking financial institutions can be made exclusively only with banknotes and coins supplied by banking financial institutions that have been pre-processed with modern machines, in accordance with all the obligations arising from this regulation.
6. In accordance with points 1 to 5 of this article and in accordance with all obligations arising from this regulation, non-banking financial institutions that offer this service shall apply for the equipment with a license and authorization by the Central Bank of the Republic of Kosovo for the provision of this service, within 30 days from the entry into force of this regulation, while the license and authorization must be provided within 3 months from the entry into force of this regulation.

Article 47
Prohibitions

1. No natural or legal person can offer cash deposit or withdrawal services through any location with physical service or through any equipment or machine used by the customer, in the name of providing financial services without possession of the license and authorization from Central Bank of the Republic of Kosovo.
2. No natural or legal person can import and be equipped with technical-electronic machines for cash withdrawal and deposit services if it is not licensed as a financial institution for the provision of banking activities, or a non-banking financial institution with licensed electronic money and payment services.
3. The responsible state authorities - Kosovo Customs and Kosovo Police shall ensure that when importing such cash withdrawal and/or deposit machines, the importer provides the necessary license and/or authorization from the Central Bank of the Republic of Kosovo, or proves that such a machine is imported for a bank or financial institution.
4. The Central Bank of the Republic of Kosovo, to facilitate work and inter-institutional communication, maintains a list of banking and non-banking financial institutions that have a license and authorization to provide such services, and provides safe access to the authorities from point 3 of this article.
5. Prohibitions defined by paragraphs 2, 3 and 4 of this article shall not apply to entities that possess the relevant authorizations from banks or financial institutions for the supply of such machines.

Article 48
Procedures

1. The procedural aspects of obtaining a license and special authorization for the provision of cash deposit or withdrawal transaction services through machines used by the customer will be determined through a special procedure that is offered to financial institutions that submit the request for licensing and authorization from the Central Bank of the Republic of Kosovo in accordance with this regulation.

Article 49
Supervisory and punitive measures

Any violation of the provisions of this Regulation shall be subject to remedial and punitive measures, as defined in the Law on the Central Bank and other relevant laws.

Article 50
Repeal

With the entry into force of this regulation, the Regulation on Cash Operations, which entered into force on 1 May 2016, shall be repealed.

Article 51
Entry into force

This regulation shall enter into force on 1 February 2024.

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