



Pursuant to Article 36, paragraph 1, subparagraph 1.13 and 1.17, and Article 65, paragraphs 1 and 2 of Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo No. 77/16, August 2010), amended and supplemented by Law No. 05/L-150, Article 8, paragraph 4 of the Law No. 04/L-155 on the Payment System (Official Gazette of the Republic of Kosovo No. 12/03, May 2013), the Executive Board of the Central Bank of the Republic of Kosovo, in the meeting held on 29 December 2023, approved the following:

GUIDELINE ON THE ORGANIZATION AND FUNCTIONING OF NATIONAL PAYMENT COUNCIL

Article 1

Purpose and scope

1. The purpose of this Guideline is to define the functioning and organization of the National Payments Council (hereinafter: *NPC*), as an advisory and supporting body in increasing the security of the National Payments System of the Republic of Kosovo (hereinafter: National Payments System), its composition, competences and duties.
2. The objective of the NPC is to advise the CBK and its members regarding the regulation, supervision and development of the National Payment System and, through its actions, support and contribute to the establishment of operational and technical principles and standards, as well as other rules necessary for the promotion of a safe and efficient payment system and further enhancing of payment services in Kosovo.
3. NPC serves as a forum for cooperation and will contribute to the development of the payment system and financial services infrastructure in Kosovo. It will also contribute to the development of interconnections with regional and international payment systems.

Article 2

Definitions

1. All terms in this Guideline shall have the same meaning as the terms defined in Law No. 04/L-155 on Payment System and/or with the following definitions for the purpose of this Guideline.
 - 1.1. **“CBK”**– shall mean the Central Bank of the Republic of Kosovo;
 - 1.2. **“National Payment System”** shall mean any payment, transfer system, securities settlement system, clearing system and any arrangement used in the process of effecting payment transactions, as defined by Article 2, paragraph 1.13 of Law No. 04/L-155 on Payment System. The main elements of the National Payment System shall include the following:
 - 1.2.1. Payment Instruments which are used to initiate and manage fund transfers between the payer and payee accounts in financial institutions;
 - 1.2.2. Payment Infrastructures for the transfer and clearing of payment instruments, for the processing and communication of payment information, as well as for the transfer of funds between ordering and receiving institutions;
 - 1.2.3. Financial institutions which provide payment accounts, as well as payment instruments and services for customers and businesses, as well as organizations that operate with payment transaction networks, clearing and settlement services for financial institutions;
 - 1.2.4. Market regulatory framework which includes agreements, conventions, regulations and contracts for the issuance and receipt of various payment instruments and services, as well as their pricing;
 - 1.2.5. Legal and regulatory framework defining and guiding mechanisms of payment transfer processes and way of providing payment service for the market;
 - 1.2.6. Payment infrastructure which includes all specific individual infrastructures operating in Kosovo, even those with headquarters abroad;
 - 1.2.7. Institutional agreements, which include the agreements of market actors for different payment services and between different providers of payment services for users, such as banks and/or NBFIs;
 - 1.2.8. Other participants and other institutional organizations of the National Payment System, such as CBK, Treasury and NPC.

Article 3

Competences

1. NPC, in its advisory role, shall have the following competences:
 - 1.1. Advising the CBK and its members in any matter related to the National Payment System;
 - 1.2. Encouraging and facilitating cooperation between participants of the National Payment System, market participants and payment market regulators and between all active participants in the provision of payment services and the operation of payment infrastructure within Kosovo and internationally;
 - 1.3. Helping the CBK and its members in the *implementation*, regulation, supervision and development of the National Payment System.

- 1.4. The opinions and actions of the NPC within its advisory and consultative function should not diminish, reduce or limit the powers and competencies of the CBK determined by the legal and regulatory framework in force.

Article 4 **Duties**

1. NPC shall have the following duties:
 - 1.1. Promote joint or individual initiatives to support public awareness-raising of the National Payment System and promote insights related to payment services and payment system issues in Kosovo. Therefore, NPC can use any way that is deemed appropriate, including but not limited to: roundtables, seminars, webpages, advertisements, newspapers, etc.;
 - 1.2. Share relevant information and experiences among its members;
 - 1.3. Promote the standardization of procedures, technologies, services and systems for its members;
 - 1.4. Monitor the implementation of National Payment System projects and various relevant initiatives in Kosovo;
 - 1.5. Promote joint initiatives towards the implementation of the payment system infrastructure. These initiatives should promote and strengthen sound competition between participants;
 - 1.6. Draft strategic documents for the country's general architecture for the payment system;
 - 1.7. Monitor the implementation of reforms in the payments sector;
 - 1.8. Facilitate the exchange of necessary economic and business information for all parties affected by payment services and infrastructures;
 - 1.9. Evaluate the impact of various options for the business and daily operations of various system participants and the interests of end users;
 - 1.10. Advise on the selection of the main principles and options in the design of certain systems and infrastructures;
 - 1.11. Determine the priorities and deadlines for the initiation/financing/implementation of special projects;
 - 1.12. Identify the needs for legal instruments related to the National Payment System and recommend their addressing to its members;
 - 1.13. Establish working groups for technical evaluations, necessary for supporting the actions of the NPC and for issuing joint opinions/statements, as well as draft strategic documents;
 - 1.14. Analyse and discuss new developments and innovations in the field of payment systems and services and the possibilities of their adaptation, as well as the impact they may have;
 - 1.15. Inform and discuss with all the members about the process of harmonizing the payment legislation in Kosovo with the relevant Directives of the European Union; and

- 1.16. Any other duty which serves the legal purpose of its establishment and which is decided between the members, as a matter of importance for the objectives of the NPC.

Article 5

Composition of the NPC

1. Permanent members of the NPC with the right to vote shall include the following:
 - 1.1. CBK with the following representatives:
 - 1.1.1. Deputy Governor for Banking Operations, in the role of the Chairman of the NPC;
 - 1.1.2. Director of the Payment System Department, in the role of Deputy Chairman;
 - 1.1.3. Director of the Banking Supervision Department at the CBK;
 - 1.1.4. Head of the Division for Supervision of IT Systems at the CBK;
 - 1.1.5. Governor's Cabinet Representative;
 - 1.2. General Director of Treasury from the Ministry of Finance, Labour and Transfers;
 - 1.3. Kosovo Banking Association (hereinafter: KBA) with the following representatives:
 - 1.3.1. Chairman of the KBA Board;
 - 1.3.2. KBA Executive Director; and
 - 1.3.3. Chairman of the Payments Committee at the KBA.
 - 1.4. Two representatives from Non-Bank Financial Institutions (hereinafter: NBFIs) which perform payment and transfer service activities and/or the issuance of electronic money, respectively from the relevant association; and
 - 1.5. One representative from private operators of payment systems.
2. Each of the members defined under paragraph 1 of this Article shall have the right to one vote.
3. According to paragraph 1 of this Article, the members of the NPC must establish the conditions and procedures for the replacement of their representatives in case of the absence or failure to participate of certain representatives.
4. The representatives of the NBFIs referred to in subparagraph 1.4 of this Article must be appointed by the relevant NBFIs according to the rules they define, which must inform the NPC of the persons appointed for representation.
5. NPC can decide the appointment of additional members, with or without the right to vote, to enable the representation of other institutions that have interconnections with the National Payment System, depending on the needs and developments of the market, which may include the following:
 - 5.1. Governmental and Public Agencies;
 - 5.2. Financial and non-financial institutions;

- 5.3. Associations of end users, such as customers or traders;
 - 5.4. Commercial or industrial associations; and
 - 5.5. Participants from the telecommunications industry and utility companies.
6. The members of the NPC shall:
 - 6.1. Avoid any attempt to influence CBK or other members for the purpose of individual benefits;
 - 6.2. Maintain the confidentiality of all information provided in relation to other parties;
 - 6.3. Provide their best efforts and provide due care in evaluating and verifying all information shared or disclosed between members;
 - 6.4. Be represented by their members according to the provisions of this Article, except in cases where they participate with their representatives in the working groups designated according to paragraph 1 of Article 6, in which they can be represented at a technical level.
 7. Other non-voting members shall be from the NPC Secretariat, which shall consist of the following:
 - 7.1. An official from the Payment System Department at the CBK; and
 - 7.2. An official from the Kosovo Banking Association.
 8. Depending on the decision of the NPC based on paragraph 5 of this Article, the Secretariat will contact the relevant institutions in time regarding their participation and the provision of the necessary information regarding their role as participants with or without the right to vote.

Article 6

Methodology

1. NPC may establish working groups to address specific issues or developments. Working groups may be established by the participation of all members or only members relevant to specific issues.
2. NPC may draft periodic reports on payment systems and payment issues, which should not be descriptive in nature, but rather serve as a reference for ongoing developments of the National Payment System in Kosovo.
3. NPC shall report on an annual basis, before 31 March of the following year, regarding the activities undertaken during the previous calendar year. The reports shall be sent to the senior management of each of the participating institutions as a permanent member.

Article 7

Council meetings

1. NPC shall organize a meeting at least once (1) a year, upon the invitation of the Chairman, taking into consideration the presence of other members.

2. Each member or group of members can propose to the Chairman the organization of the meeting related to specific, relevant issues.
3. The Chairman shall organize meetings if requested by at least two-thirds (2/3) of the members with the right to vote.
4. The dates, frequency and location of meetings shall be determined by the Chairman in consultation with the members.
5. The meeting shall be chaired by the Chairman or Deputy Chairman and, in case of their absence, the members shall decide on the person who will chair the meeting before the meeting begins.
6. The NPC can meet with the presence of at least fifty (50%) percent of voting members (quorum).
7. In cases deemed appropriate based on the agenda and the issues for discussion, NPC may invite other national or international institutions and/or individual experts to participate in the meeting.
8. NPC members, or when applicable, participants of any NPC meeting, shall forward the results, conclusions and any information provided at that meeting to the relevant institutions that they represent.

Article 8

Expenses

1. Members shall not be compensated by the NPC, and each institution represented by members in the NPC shall bear the expenses of its members.
2. Costs per each meeting, such as the rent of the meeting venue, the costs of the rent or purchase of inventory or necessary equipment, as well as other services, shall be funded by the institution represented by members in the NPC that undertakes the organization of the meeting.
3. The members shall support with the distribution of the cost of expenses for each activity undertaken by the NPC equally and following the approval of the meeting held according to Article 7 of this Guideline.

Article 9

Duties of the Chairman and Secretary

1. The Chairman of the NPC shall have the following duties:
 - 1.1. Convene and chair meetings;
 - 1.2. Determine the date and venue of the meeting;
 - 1.3. Approve the agenda prepared by the Secretariat, depending on the proposals of the NPC members;
 - 1.4. Approve the participation of other institutions or individual experts, in accordance with Article 5, paragraph 5 of this Guideline;

- 1.5. Sign the decisions of the NPC; and
- 1.6. Manage the general activities of the NPC based on the competences and duties assigned by this Guideline.
2. Secretariat of the NPC shall have the following duties:
 - 2.1. Collect the proposals and prepare the agenda of the meetings, which is submitted to the Chairman for approval;
 - 2.2. Prepare the necessary letters and documents for the organization of meetings;
 - 2.3. Provide the meeting agenda for each member/participating institution, along with the necessary material, at least ten (10) calendar days before the meeting;
 - 2.4. Record the minutes of the meeting, which are approved by the NPC after the meeting. The minutes must include at least the following:
 - 2.4.1. Date and time of the meeting;
 - 2.4.2. Names of all participants (chairman, members and guests);
 - 2.4.3. Topics raised and discussed and, if required, the confidentiality of the matter determined by the NPC;
 - 2.4.4. Type and source of the material reviewed and used;
 - 2.4.5. People included in the discussion and the object of those discussions;
 - 2.4.6. Proposals that pass for voting;
 - 2.4.7. Voting and its results, including votes for and against, with relevant arguments;
 - 2.4.8. Conclusions of the meeting.
 - 2.5. Prepare the decisions and conclusions, which include the proposals/recommendations/suggestions decided by the NPC, at least in two (2) copies. One copy shall be kept by the Secretariat and the other copy shall be sent to the Chairman and other relevant institutions that are responsible for the issues covered;
 - 2.6. Maintain and update materials for publication on the official website of the CBK;
 - 2.7. Draft the summary of information on NPC activities and distribute it to other participants for approval; and
 - 2.8. Any other duties that serve the work of the NPC and which is assigned by the Chairman.

Article 10

Decision-making

1. NPC aims to make decisions that all members agree on. However, in cases where this is not possible, decisions shall be made with a simple majority of the members represented at the meeting.
2. The vote of the Chairman of the meeting shall be decisive in cases where there is an equal vote of the represented members, for and against a decision. The votes against shall be presented in detail and substantiated in the minutes of the meeting.

3. Decisions of the NPC shall be signed by the Chairman and the representatives of the members with voting rights, as well as by the Secretariat, in two (2) copies. One copy shall be kept by the Secretary and the other copy shall be sent to the Chairman and other relevant institutions, depending on the subject of the decision.
4. NPC decisions shall not be binding on the CBK or any of the participating institutions, however they shall have an advisory character based on the role and purpose of its establishment.

Article 11 Disclosures

1. Results, opinions, reports or any other information deriving from the meetings of the NPC shall be disclosed to all interested parties according to the conditions agreed by the members, in accordance with the legislation in force.
2. Confidential and sensitive information related to a member, provided by other members or by any person or entity, during meetings, preparatory work, informal conversations and discussions or in any other activity related to the NPC, should not be subject to disclosure.
3. NPC should implement the necessary confidentiality and/or non-disclosure agreements defined in this Article.
4. NPC shall draft a summary of its actions and meetings and publish them on the CBK website.

Article 12 Entry into force

This Guideline shall enter into force on 1 January 2024.

Ahmet Ismaili
Chairman of the Executive Board