

LAW NO. 10/L-026

ON PAYMENT SERVICES

Assembly of the Republic of Kosovo;

Based on Article 65 (1) of the Constitution of the Republic of Kosovo,

Adopts:

LAW ON PAYMENT SERVICES

**SECTION I
GENERAL PROVISIONS**

**Article 1
Purpose**

1. This Law establishes the following categories of payment service provider:

1.1. Banks as defined in the legislation into force on banks;

1.2. Electronic money institutions, including, in accordance with Article 38 of this Law, a branch of a foreign electronic money institution, where such branch is located in Kosovo and its head office is located abroad, in as far as the payment services provided by those branches are linked to the issuance of electronic money;

1.3. Payment institutions, including, in accordance with Article 38 of this Law, a branch of a foreign payment institution, where such branch is located in Kosovo and its head office is located abroad;

1.4. Post giro institutions which are entitled under Kosovo Law to provide payment services;

1.5. The CBK when not acting in its capacity as monetary authority or other public authority;

1.6. Public central and local authorities when not acting in their capacity as public authorities.

2. This Law establishes the rules for the pursuit of issuing electronic money and sets forth the rules on the authorization, organization, activity and supervision of payment institutions and electronic money institutions. The entities referred to in sub-paragraphs 1.1, 1.2, 1.5 and 1.6 of paragraph 1 of this Article are, for the purposes of this Law and in the conditions

herein, recognized as electronic money issuers.

3. This Law also lays down the rules concerning:

- 3.1. the transparency of conditions and information requirements for payment services;
- 3.2. the respective rights and obligations of payment service users and payment service providers in relation to the provision of payment services and issuance of electronic money as a regular occupation or business activity;
- 3.3. card schemes and card-based payments, including applicable interchange fees;
- 3.4. comparability of fees related to payment accounts, and the rights for payment account switching and access to payment accounts with basic features.

4. This Law provides an overall framework for payment services and related activities within Kosovo to align and harmonize the national legal framework vis-à-vis European Union Directives and Regulations, considering Kosovo's international commitments under the Stabilization and Association Agreement signed with the European Union. In fulfilment of these commitments, the Law on Payment Services aims to transpose important directives for the field of payments, as follows:

- 4.1. EU Directive 2015/2366 of the European Parliament and of the Council of November 25, 2015 "on payment services in the internal market";
- 4.2. EU Directive 2009/110/EC of the European Parliament and of the Council of September 16, 2009 "on the receipt, follow-up and prudential supervision of the work of electronic money institutions";
- 4.3. EU Directive 2014/92/EU of the European Parliament and of the Council of July 23, 2014 "on comparability of fees related to payment accounts, payment account switching and payment account access";
- 4.4. Regulation (EU) 2015/751 of the European Parliament and the Council, dated April 29, 2015 "On interchange fees for card-based transactions; and
- 4.5. Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives (EU) 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro.

Article 2

Scope

1. This Law applies to payment services and issuance of electronic money within Kosovo for subjects determined under Article 1, paragraph 1 of this Law, and matters referred to in Article 1 paragraph 3 of this Law, where such activities are carried out in Kosovo as following:

1.1. card-based payment transactions carried out within Kosovo, where both the payer's payment service provider and the payee's payment service provider are located in Kosovo;

1.2. transparency and comparability of fees charged to consumers on their payment accounts held in Kosovo;

1.3. switching of payment accounts within Kosovo;

1.4. right of consumers to open and use payment accounts with basic features in Kosovo.

2. Section III and IV of this Law apply to payment transactions in Euro where both the payer's payment service provider and the payee's payment service provider are, or the sole payment service provider in the payment transaction is, located in Kosovo.

3. Section III, except for Article 45 paragraph 1 sub-paragraph 1.2, Article 52 paragraph 1 sub-paragraph 1.2 sub-subparagraph 1.2.5 and Article 56 paragraph 1 sub-paragraph 1.1 of this Law and Section IV, except for Articles 81 to 86 of this Law, apply to payment transactions not in Euro where both the payer's payment service provider and the payee's payment service provider are, or the sole payment service provider in the payment transaction is, located in Kosovo, in respect to those parts of the payment transaction which are carried out in Kosovo.

4. Section III, except for Article 45 paragraph 1 sub-paragraph 1.2, Article 52 paragraph 1 sub-paragraph 1.2 sub-subparagraph 1.2.5 and sub-paragraph 1.5 sub-subparagraph 1.5.7 and Article 56 paragraph 1 sub-paragraph 1.1, and Section IV except for Article 62 paragraphs 2 and 4, Articles 76, 77, 81, Article 83 paragraph 1, Articles 89 and 92 of this Law, apply to payment transactions in all currencies where only one of the payment service providers is located in Kosovo, in respect to those parts of the payment transaction which are carried out in Kosovo.

Article 3

Exclusions

1. This Law does not apply to the following:

- 1.1. payment transactions made exclusively in cash directly from the payer to the payee, without any intermediary intervention;
- 1.2. payment transactions from the payer to the payee through a commercial agent authorized via an agreement to negotiate or conclude the sale or purchase of goods or services on behalf of only the payer or only the payee;
- 1.3. professional physical transport of banknotes and coins, including their collection, processing and delivery;
- 1.4. payment transactions consisting of the non-professional cash collection and delivery within the framework of a non-profit or charitable activity;
- 1.5. services where cash is provided by the payee to the payer as part of a payment transaction following an explicit request by the payment service user just before the execution of the payment transaction through a payment for the purchase of goods or services;
- 1.6. cash-to-cash currency exchange operations where the funds are not held on a payment account;
- 1.7. payment transactions based on any of the following documents drawn on the payment service provider with a view to placing funds at the disposal of the payee:
 - 1.7.1. paper cheques governed by the Geneva Convention of 19 March 1931 providing a uniform Law for cheques, and relevant Kosovo law;
 - 1.7.2. paper-based drafts in accordance with the Geneva Convention of 7 June 1930 providing a uniform Law for bills of exchange and promissory notes, and relevant Kosovo Law;
 - 1.7.3. paper-based vouchers;
 - 1.7.4. paper-based traveller's cheques;
 - 1.7.5. paper-based postal money orders as defined by the Universal Postal Union and Law on Kosovo Postal Services;
- 1.8. payment transactions carried out within a payment or securities settlement system between settlement agents, central counterparties, clearing houses and/or central banks and other participants of the system, and payment service providers, without prejudice to Article 26 of this Law;
- 1.9. payment transactions related to securities asset servicing, including dividends,

income or other distributions, or redemption or sale, carried out by persons referred to in paragraph 1.8 of this Article, or by investment firms, banks, collective investment undertakings or asset management companies providing investment services and any other entities allowed to have the custody of financial instruments;

1.10. services provided by technical service providers, which support the provision of payment services, without them entering at any time into possession of the funds to be transferred, including processing and storage of data, trust and privacy protection services, data and entity authentication, information technology (IT) and communication network provision, provision and maintenance of terminals and devices used for payment services, with the exclusion of payment initiation services and account information services;

1.11. services based on specific payment instruments that can be used only in a limited way, that meet one of the following conditions:

1.11.1. instruments allowing the holder to acquire goods or services only in the premises of the issuer or within a limited network of service providers under direct commercial agreement with a professional issuer;

1.11.2. instruments which can be used only to acquire a very limited range of goods or services;

1.11.3. instruments valid only in Kosovo provided at the request of an undertaking or a public sector entity and regulated by a national or district public authority for specific social or tax purposes to acquire specific goods or services from suppliers having a commercial agreement with the issuer;

1.12. payment transactions by a provider of electronic communications networks or services provided in addition to electronic communications services for a subscriber to the network or service:

1.12.1. for purchase of digital content and voice-based services, regardless of the device used for the purchase or consumption of the digital content and charged to the related bill; or

1.12.2. performed from or via an electronic device and charged to the related bill within the framework of a charitable activity or for the purchase of tickets;

1.12.3. provided that the value of any single payment transaction referred to in sub-paragraphs 1.12.1 and 1.12.2 of this Article, does not exceed EUR 50 and:

1.12.3.1. the cumulative value of payment transactions for an

individual subscriber does not exceed three hundred euros (300 €) per month; or

1.12.3.2. where a subscriber pre-funds its account with the provider of the electronic communications network or service, the cumulative value of payment transactions does not exceed three hundred euros (300 €) per month;

1.13. payment transactions carried out between payment service providers, their agents or branches for their own account;

1.14. payment transactions and related services between a parent undertaking and its subsidiary or between subsidiaries of the same parent undertaking, without any intermediary intervention by a payment service provider other than an undertaking belonging to the same group;

1.15. cash withdrawal services offered by means of automatic teller machine - ATM by providers, acting on behalf of one or more card issuers, which are not a party to the framework contract with the customer withdrawing money from a payment account, on condition that those providers do not conduct other payment services as referred to in paragraph 1.3 of Article 4 of this Law. Nevertheless, the customer shall be provided with the information on any withdrawal charges referred to in Articles 45, 48, 49 and 59 of this Law, before carrying out the withdrawal as well as on receipt of the cash at the end of the transaction after withdrawal.

2. Chapter VI of Section IV does not apply to the following:

2.1. transactions with commercial cards;

2.2. cash withdrawals at automatic teller machine - ATM or at the counter of a payment service provider; and

2.3. transactions with payment cards issued by three party payment card schemes.

3. Sub-paragraph 4.4.1 of Article 99 of this Law, does not apply to three party payment card schemes.

4. When a three-party payment card scheme licenses other payment service provider for the issuance of card-based payment instruments or the acquiring of card-based payment transactions, or both, or issues card-based payment instruments with a co-branding partner or through an agent, it is considered to be a four-party payment card scheme.

Article 4 **Definitions**

1. For the purposes of this Law, the following definitions apply:

1.1. **Country** - means the Republic of Kosovo;

1.2. **Payment service** - means any of the following business activities:

1.2.1. services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account;

1.2.2. services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account;

1.2.3. execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider:

1.2.3.1. execution of direct debits, including one-off direct debits;

1.2.3.2. execution of payment transactions through a payment card or a similar device;

1.2.3.3. execution of credit transfers, including standing orders.

1.2.4. execution of payment transactions where the funds are covered by a credit line for a payment service user:

1.2.4.1. execution of direct debits, including one-off direct debits;

1.2.4.2. execution of payment transactions through a payment card or a similar device;

1.2.4.3. execution of credit transfers, including standing orders.

1.2.5. Issuing of payment instruments and/or acquiring of payment transactions;

1.2.6. Money remittance;

1.2.7. Payment initiation services;

1.2.8. Account information services.

1.3. **Payment institution** - means a legal person that has been granted authorization in accordance with Article 14 of this Law to provide and execute payment services throughout Kosovo;

1.4. **Payment transaction** - means an act, initiated by the payer or on his behalf or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee;

1.5. **Remote payment transaction** - means a payment transaction initiated via internet or through a device that can be used for distance communication;

1.6. **Payment system** - means a funds transfer system with formal and standardized arrangements and common rules for the processing, clearing and/or settlement of payment transactions;

1.7. **Payer** - means a natural or legal person who holds a payment account and allows a payment order from that payment account, or, where there is no payment account, a natural or legal person who gives a payment order;

1.8. **Payee** - means a natural or legal person who is the intended recipient of funds which have been the subject of a payment transaction;

1.9. **Payment service user** - means a natural or legal person making use of a payment service in the capacity of payer, payee, or both;

1.10. **Payment service provider** - means a body referred to in paragraph 1 of Article 1 of this Law or a natural or legal person benefiting from an exemption pursuant to Articles 24 or 25 of this Law;

1.11. **Payment account** - means an account held in the name of one or more payment service users which is used for the execution of payment transactions;

1.12. **Payment order** - means an instruction by a payer or payee to its payment service provider requesting the execution of a payment transaction;

1.13. **Payment instrument** - means a personalized device(s) and/or set of procedures agreed between the payment service user and the payment service provider and used in order to initiate a payment order;

1.14. **Payment initiation service** - means a service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider;

1.15. **Account information service** - means an online service to provide

consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider;

1.16. **Account servicing payment service provider** - means a payment service provider providing and maintaining a payment account for a payer;

1.17. **Payment initiation service provider** - means a payment service provider pursuing business activities as referred to sub-paragraph 1.2.7 of this Article;

1.18. **Account information service provider** - means a payment service provider pursuing business activities as referred to in sub-paragraph 1.2.8 of this Article;

1.19. **Consumer** - means a natural person who, in payment service contracts covered by this Law, is acting for purposes other than his/her trade, business or profession;

1.20. **Framework contract** - means a payment service contract which governs the future execution of individual and successive payment transactions and which may contain the obligation and conditions for setting up a payment account;

1.21. **Money remittance** - means a payment service where funds are received from a payer, without any payment accounts being created in the name of the payer or the payee, for the sole purpose of transferring a corresponding amount to a payee or to another payment service provider acting on behalf of the payee, and/or where such funds are received on behalf of and made available to the payee;

1.22. **Direct debit** - means a payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee on the basis of the consent given by the payer to the payee, to the payee's payment service provider or to the payer's own payment service provider;

1.23. **Credit transfer** - means a payment service for crediting a payee's payment account with a payment transaction or a series of payment transactions from a payer's payment account by the payment service provider which holds the payer's payment account, based on an instruction given by the payer;

1.24. **Funds** - means banknotes and coins, scriptural money or electronic money;

1.25. **Value date** - means a reference time used by a payment service provider for the calculation of interest on the funds debited from or credited to a payment account;

1.26. **Reference exchange rate** - means the exchange rate which is used as the

basis to calculate any currency exchange and which is made available by the payment service provider or comes from a publicly available source;

1.27. **Reference interest rate** - means the interest rate which is used as the basis for calculating any interest to be applied and which comes from a publicly available source which can be verified by both parties to a payment service contract;

1.28. **Authentication** - means a procedure which allows the payment service provider to verify the identity of a payment service user or the validity of the use of a specific payment instrument, including the use of the user's personalized security credentials;

1.29. **Strong customer authentication** - means an authentication based on the use of two or more elements categorized as knowledge (something only the user knows), possession (something only the user possesses) and inherence (something the user is) that are independent, in that the breach of one does not compromise the reliability of the others, and is designed in such a way as to protect the confidentiality of the authentication data;

1.30. **Personalized security credentials** - means personalized features provided by the payment service provider to a payment service user for the purposes of authentication;

1.31. **Sensitive payment data** - means data, including personalized security credentials which can be used to carry out fraud. For the activities of payment initiation service providers and account information service providers, the name of the account owner and the account number do not constitute sensitive payment data;

1.32. **Unique identifier** - means a combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously another payment service user and/or the payment account of that other payment service user for a payment transaction;

1.33. **Means of distance communication** - means a method which, without the simultaneous physical presence of the payment service provider and the payment service user, may be used for the conclusion of a payment services contract;

1.34. **Durable medium** - means any instrument which enables the payment service user to store information addressed personally to that payment service user in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;

1.35. **Microenterprise** - means an enterprise, which at the time of conclusion of the

payment service contract, is an enterprise as defined in Law No.06/L-032 on Accounting, Financial Reporting and Auditing;

1.36. **Business day** - means a day on which the relevant payment service provider of the payer or the payment service provider of the payee involved in the execution of a payment transaction is open for business as required for the execution of a payment transaction;

1.37. **Agent** - means a natural or legal person who acts on behalf of a payment institution in providing payment services;

1.38. **Branch** - means a place of business other than the head office which is a part of a payment institution or electronic money institution, which has no legal personality, and which carries out directly some or all of the transactions inherent in the business of a payment institution or electronic money institution;

1.39. **Group** - means a group of undertakings consisting of the parent company, its controlled companies, as well as all the entities over which the parent or controlled company exercises influence or possesses more than ten (10%) percent of shares;

1.40. **Electronic communications network** - means the network defined in the legislation in force for electronic communications in the Republic of Kosovo;

1.41. **Electronic communications service** - means the services defined in the legislation in force for electronic communications in the Republic of Kosovo;

1.42. **Digital content** - means goods or services which are produced and supplied in digital form, the use or consumption of which is restricted to a technical device and which do not include in any way the use or consumption of physical goods or services;

1.43. **Acquiring of payment transactions** - means a payment service provided by a payment service provider contracting with a payee to accept and process payment transactions, which results in a transfer of funds to the payee;

1.44. **Issuing of payment instruments** - means a payment service by a payment service provider contracting to provide a payer with a payment instrument to initiate and process the payer's payment transactions;

1.45. **Own funds** - means funds as defined through CBK regulation;

1.46. **Payment brand** - means any name, term, sign, digital symbol or combination of them, capable of denoting under which payment card scheme card-based payment transactions are carried out;

1.47. **Co-badging** - means the inclusion of two or more payment brands or payment applications of the same payment brand on the same payment instrument;

1.48. **Electronic money institutions** - means a legal person that has been granted authorization under Chapter IV of Section II of this Law to issue electronic money;

1.49. **Electronic money** - means electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions, and which is accepted by a natural or legal person other than the electronic money issuer;

1.50. **Electronic money issuer** - means entities referred to in paragraph 2 of Article 1 and institutions benefiting from the waiver under Article 34 of this Law;

1.51. **Average outstanding electronic money** - means the average total amount of financial liabilities related to electronic money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month;

1.52. **Acquirer** - means a payment service provider providing the service of acquiring of payment transactions;

1.53. **Issuer** - means a payment service provider providing the service of issuing of payment instruments;

1.54. **Debit card transaction** - means a card-based payment transaction, including those with prepaid cards that is not a credit card transaction;

1.55. **Credit card transaction** - means a card-based payment transaction where the amount of the transaction is debited in full or in part at a pre agreed specific calendar month date to payer, in line with a prearranged credit facility, with or without interest;

1.56. **Commercial card** - means any card-based payment instrument issued to undertakings or public sector entities or self-employed natural persons which is limited in use for business expenses where the payments made with such cards are charged directly to the account of the undertaking or public sector entity or self-employed natural person;

1.57. **Card-based payment transaction** - means a service based on a payment card scheme's infrastructure and business rules to make a payment transaction by means of any card, telecommunication, digital or IT device or software if this results in a debit or a credit card transaction. Card-based payment transactions exclude transactions based on other kinds of payment services;

1.58. **Interchange fee** - means a fee paid for each transaction directly or indirectly (i.e. through a third party) between the issuer and the acquirer involved in a card-based payment transaction. The net compensation or other agreed remuneration is considered to be part of the interchange fee;

1.59. **Net compensation** - means the total net amount of payments, rebates or incentives received by an issuer from the payment card scheme, the acquirer or any other intermediary in relation to card-based payment transactions or related activities;

1.60. **Merchant service charge** - means a fee paid by the payee to the acquirer in relation to card-based payment transactions;

1.61. **Payment card** - means a category of payment instrument that enables the payer to initiate a debit or credit card transactions;

1.62. **Payment card scheme** - means a single set of rules, practices, standards and/or implementation guidelines for the execution of card-based payment transactions and which is separated from any infrastructure or payment system that supports its operation, and includes any specific decision-making body, organization or entity accountable for the functioning of the scheme;

1.63. **Four party payment card schemes** - means a payment card scheme in which card-based payment transactions are made from the payment account of a payer to the payment account of a payee through the intermediation of the scheme, an issuer (on the payer's side) and an acquirer (on the payee's side);

1.64. **Three party payment card schemes** - means a payment card scheme in which the scheme itself provides acquiring and issuing services and card-based payment transactions are made from the payment account of a payer to the payment account of a payee within the scheme. When a three-party payment card scheme licenses other payment service providers for the issuance of card-based payment instruments or the acquiring of card-based payment transactions, or both, or issues card-based payment instruments with a co-branding partner or through an agent, it is considered to be a four-party payment card scheme;

1.65. **Card-based payment instrument** - means any payment instrument, including a card, mobile phone, computer or any other technological device containing the appropriate payment application which enables the payer to initiate a card-based payment transaction which is not a credit transfer or a direct debit;

1.66. **Payment application** - means computer software or equivalent loaded on a device enabling card-based payment transactions to be initiated and allowing the payer to issue payment order;

1.67. **Processing** - means the performance of payment transaction processing services in terms of the actions required for the handling of a payment instruction between the acquirer and the issuer;

1.68. **Processing entity** - means any natural or legal person providing payment transaction processing services;

1.69. **Point of sale** - means the address of the physical premises of the merchant at which the payment transaction is initiated. However:

1.69.1. in the case of distance sales or distance contracts (i.e. e-commerce) as defined in Law No. 06/L-034 on Consumer Protection, the point of sale shall be the address of the fixed place of business at which the merchant conducts its business regardless of website or server locations through which the payment transaction is initiated;

1.69.2. in the event that the merchant does not have a fixed place of business, the point of sale shall be the address for which the merchant holds a valid business license through which the payment transaction is initiated;

1.69.3. in the event that the merchant does not have a fixed place of business nor a valid business license, point of sale shall be the address for correspondence for the payment of its taxes relating to its sales activity through which the payment transaction is initiated;

1.70. **Co-branding** - means the inclusion of at least one payment brand and at least one non-payment brand on the same payment instrument;

1.71. **Debit card** - means a category of payment instrument that enables the payer to initiate a debit card transaction excluding those with prepaid cards;

1.72. **Credit card** - means a category of payment instrument that enables the payer to initiate a credit card transaction;

1.73. **Prepaid card** - means a category of payment instrument on which electronic money is stored;

1.74. **Legally resident** - means where a natural person has the right to reside in the country by virtue of Law, including consumers with no fixed address and persons seeking asylum under the Geneva Convention of 28 July 1951 Relating to the Status of Refugees, the Protocol thereto of 31 January 1967 and other relevant international treaties;

1.75. **Services linked to the payment account** - means all services related to the

opening, operating and closing of a payment account, including payment services and payment transactions;

1.76. **Transferring payment service provider** - means the payment service provider from which the information required to perform the switching is transferred;

1.77. **Receiving payment service provider** - means the payment service provider to which the information required to perform the switching is transferred;

1.78. **Fees** - means all charges and penalties, if any, payable by the consumer to the payment service provider for or in relation to services linked to a payment service;

1.79. **Credit interest rate** - means any rate at which interest is paid to the consumer in respect of funds held in a payment account;

1.80. **Switching or switching service** - means, upon a consumer's request, transferring from one payment service provider to another either the information about all or some standing orders for credit transfers, recurring direct debits and recurring income credit transfers executed on a payment account, or any positive payment account balance from one payment account to the other, or both, with or without closing the former payment account;

1.81. **Standing order** - means an instruction given by the payer to the payment service provider which holds the payer's payment account to execute credit transfers at regular intervals or on predetermined dates;

1.82. **Overdraft facility** - means an explicit credit agreement whereby a payment service provider makes available to a consumer funds which exceed the current balance in the consumer's payment account;

1.83. **Overrunning** - means a tacitly accepted overdraft whereby a payment service provider makes available to a consumer funds which exceed the current balance in the consumer's payment account or the agreed overdraft facility;

1.84. **CBK** - means the Central Bank of the Republic of Kosovo;

1.85. **Fiduciary account** - means a deposit opened by the holder in its own name, but for the account of one or more third parties. A fiduciary deposit account may not be converted to a regular transaction account and vice versa. Funds in a fiduciary account are considered the property of third parties for whose account the holder maintains such an account and not the property of the account holder. Creditors of the fiduciary account holder cannot interfere with this property with coercive measures to collect their claims against the account holder, even in his bankruptcy. Funds in a fiduciary account do not belong to the account holder's estate. A bank

may open a fiduciary account if in cases when its use is prescribed by Law;

1.86. **Law on Banks** - means the legislation in force on banks;

1.87. **Law on Central Bank** - means the legislation into force on the Central Bank of Kosovo;

1.88. **Law on MFI and NBF** - means in the legislation into force on MFI and NBF;

1.89. **Law on the Prevention of Money Laundering and Combating Terrorist Financing** - means legislation into force on the Prevention of Money Laundering and Combating the Financing of Terrorism;

1.90. **Law on Payment System** - means Law no 04/L-155 on Payment System and/or the Law in force on Payment System;

1.91. **ICT services** - means information and technology services as defined in legislation into force on Information Society Government Bodies;

1.92. **Close links** - means a situation in which two or more natural or legal persons are linked in any of the following ways:

1.92.1. participation in the form of ownership, direct or by way of control, of twenty percent (20%) or more of the voting rights or capital of an undertaking;

1.92.2. control as defined in legislation into force on Banks;

1.92.3. a permanent link of both or all of them to the same third person by a control relationship;

1.93. **Qualifying holding** - means a direct or indirect holding in an undertaking which represents ten percent (10%) or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking;

1.94. **Cross-border payment transaction** - means an electronically processed payment transaction initiated by a payer, or by or through a payee, where one of the PSP involved in the transaction, either the payer's PSP or the payee's PSP, is located in the Republic of Kosovo and the other PSP is located in another country or territory within the SEPA area;

1.95. **SEPA payment** - means a payment transaction conducted using a SEPA scheme established by the European Payments Council (EPC).

1.96. **National payment transaction** - means a payment transaction initiated by a payer or by a payee, where the payer's PSP and the payee's PSP are both located in the territory of the Republic of Kosovo;

1.97. **Member State** - means a member state of the European Union or a signatory to the Agreement on the European Economic Area.

1.98. **SEPA payment scheme** - for purpose of this Law, means a harmonised set of rules, technical standards and procedures governing the execution of credit transfers, direct debits and instant credit transfers denominated in euro within the SEPA area, applicable to both cross-border and national payments.

SECTION II PAYMENT SERVICE PROVIDERS

CHAPTER I COMPETENT AUTHORITY AND SUPERVISION

Article 5 Competent authority

1. The CBK is the competent authority responsible for the granting authorization and prudential supervision of payment institutions and electronic money institutions under the provisions of this Law.
2. The right to start exercising the activity of provision of payment services or issuance of electronic money, as defined in paragraphs 1.2 and 1.49 of Article 4 of this Law, arises only after CBK has granted authorization for payment institutions or electronic money institutions, or to persons benefiting from any exemption pursuant to Articles 24 and 25 of this Law.
3. Notwithstanding paragraph 1 of this Article, CBK is not required to regulate and supervise business activities of payment institutions or electronic money institutions other than the provision of payment services, the issuance of electronic money, and the activities referred to in paragraphs 1.1. and 1.2. of Article 20, and in sub-paragraphs 1.1 to 1.4 of Article 32 of this Law.

Article 6 Supervision

1. The CBK in order to guarantee continuous compliance with the requirements of this Law, exercises its supervisory function in a proportionate, appropriate and responsive manner towards the risks to whom the payment institutions and electronic money institutions are exposed.

2. In order to check compliance with this Section, the CBK is, in particular, entitled to take the following steps:

2.1. to require payment institutions and electronic money institutions to provide any information needed to monitor compliance specifying the purpose of the request, as appropriate, and the time limit by which the information is to be provided;

2.2. to carry out on-site inspections at the payment institutions or electronic money institutions, at any agent or branch providing payment and electronic money-related services under the responsibility of the payment institutions or electronic money institutions, or at any entity to which activities are outsourced;

2.3. to issue recommendations, guidelines and, if applicable, binding administrative sanctions in accordance with the requirements of the legislation in force;

2.4. to suspend or to withdraw an authorization pursuant to Article 16.

3. Without prejudice to the procedures for the withdrawal of authorizations and the provisions of criminal Law, the CBK, may, as against payment institutions, electronic money institution or those who effectively control the business of payment institutions or electronic money institutions which breach Laws, sub-legal acts or administrative provisions concerning the supervision or pursuit of their payment service or electronic money business, adopt or impose in respect of them penalties or measures aimed specifically at ending observed breaches or the causes of such breaches.

4. Notwithstanding the requirements of Article 9 and paragraphs 1 and 4 of Article 10 of this Law, the CBK is entitled to take steps described under paragraph 2 of this Article to ensure sufficient capital for payment services or issuance of electronic money, in particular where the non- payment services activities or non- electronic money activities impair or are likely to impair the financial soundness of the payment institution or electronic money institution.

Article 7

Professional secrecy and exchange of information

1. All persons who work or who have worked for the CBK, as well as experts acting on behalf of the CBK, are bound by the obligation of professional secrecy, without prejudice to cases covered by criminal Law.

2. In the exchange of information in accordance with paragraph 3 of this Article, professional secrecy shall be strictly applied to ensure the protection of individual and business rights.

3. The CBK may exchange information with foreign central banks and with other relevant competent authorities with competences over payment service providers, respecting the reciprocity principle, prior approval for the disclosure of information to third parties, and

provided that the confidentiality of the information is preserved, and personal data protection is subject to Kosovo legislation on protection of personal data.

4. The provisions on professional secrecy and confidentiality of the legislation into force on the central bank and the legislation into force on banks shall also apply to the obligations under this Article.

CHAPTER II PAYMENT INSTITUTIONS

SUB-CHAPTER I GENERAL RULES

Article 8 Payment institutions

1. Payment institutions are authorized by the CBK under the provisions laid down in this Law.

2. The CBK shall require undertakings that apply for authorization to provide the payment service referred to in sub-paragraph 1.2.7 of Article 4 of this Law, as a condition of their authorization, to hold a professional indemnity insurance, covering the territories in which they offer services, or some other comparable guarantee against liability to ensure that they can cover their liabilities as specified in Articles 73, 89, 90 and 92 of this Law.

3. CBK requires institutions that apply for authorization to provide payment services, according to sub-subparagraph 1.2.8, of Article 4 of this Law, as a condition for authorization, to have professional liability insurance or any other similar guarantee, covering the territories where they provide their services, to ensure that the entity can cover its obligations to the payment service provider, the account service provider of the payment service or the user of the payment service, resulting from the access of unauthorized or fraudulent use of payment account information.

4. The CBK shall, after consulting all relevant stakeholders, including those in the payment services market, reflecting all interest involved, issue guidelines or sub-legal act on the criteria for the minimum monetary amount of indemnity insurance or other comparable guarantees referred to in paragraphs 2 and 3 of this Article.

Article 9 Initial capital

1. The CBK shall require payment institutions to hold, at the time of authorization, initial capital comprised of one or more of the items as specified by CBK with sub-legal acts, which shall at no time be less than the amount determined below:

1.1. in the amount of twenty thousand euros (20,000€) for payment institutions that provide only the payment service as referred to in sub-paragraph 1.2.6 of Article 4 of this Law;

1.2. in the amount of fifty thousand euros (50,000€) for payment institutions that provide the payment service as referred to in sub-paragraph 1.2.7 of Article 4 of this Law; and

1.3. in the amount of one hundred and twenty-five thousand euros (125,000€) for payment institutions that provide any of the payment services as referred to in sub-paragraphs 1.2.1 to 1.2.5 of Article 4 of this Law.

Article 10 **Own funds**

1. Payment institutions shall hold, at all times, own funds calculated in accordance with the methods prescribed by the CBK.

2. The payment institution's own funds shall not fall below the amount of initial capital as referred to in Article 9 of this Law or the amount of own funds as calculated in accordance with this Article and CBK Regulation.

3. The CBK shall take the necessary measures to prevent the multiple use of elements eligible for capital where the payment institution belongs to the same group as another payment institution, electronic money institution or any other financial institution.

4. The previous paragraph of this Article shall also apply where a payment institution has a hybrid character and carries out activities other than providing payment services.

5. If the appropriate conditions are met in order to ensure that capital is distributed adequately between the parent undertaking and the subsidiary, the CBK may choose not to apply the requirements in this Article to payment institutions which are included in the consolidated supervision of a parent bank operating in Kosovo.

6. Based on assessment of the payment institution's risk management processes, risk loss databases and internal control mechanisms, the CBK may require the payment institution to hold an amount of own funds which is up to twenty percent (20%) higher than the amount which would result from the application of the relevant method in accordance with paragraph 1 of this Article, or permit the payment institution to hold an amount of own funds which is up to twenty percent (20%) lower than the amount which would result from the application of the relevant method in accordance with paragraph 1 of this Article.

Article 11

Safeguarding requirement

1. Payment institution which provides payment services as referred to in sub-subparagraphs 1.2.1 to 1.2.6 of Article 4 of this Law and electronic money institutions shall safeguard all funds which have been received from the payment service users or through another payment service provider for the execution of payment transactions, in either of the following ways:

1.1. funds shall not be commingled at any time with the funds of any natural or legal person other than payment service users on whose behalf the funds are held and, where they are still held by the payment institution or electronic money institution and not yet delivered to the payee or transferred to another payment service provider by the end of the business day following the day when the funds have been received, they shall be deposited in a separate fiduciary account in a bank or in the CBK at the discretion of the CBK, or invested in secure, liquid low-risk assets as defined by the CBK; shall be insulated in accordance with this Law and any other applicable Law in the interest of the payment service users against the claims of other creditors of the payment institution or electronic money institution, in particular in the event of insolvency;

1.2. funds shall be covered by an insurance policy or some other comparable guarantee from an insurance company or a bank, which does not belong to the same group as the payment institution or electronic money institution itself, for an amount equivalent to that which would have been segregated in the absence of the insurance policy or other comparable guarantee, payable in the event that the payment institution or electronic money institution is unable to meet its financial obligations;

1.3. payment service users' funds safeguarded under this Article shall not be property of the payment institution or electronic money institution and shall neither be included in its assets or winding-up or bankruptcy procedures, nor may they be subject to execution or enforced collection against the payment institution or electronic money institution or used as collateral or any type of security. In case of initiation of bankruptcy procedures against the payment institution or electronic money institution, funds safeguarded in separate fiduciary accounts according to this Article may be used only for serving the obligations of the payment institution or electronic money institution towards the users of payment services.

2. Where a payment institution is required to safeguard funds under paragraph 1 of this Article and a portion of those funds is to be used for future payment transactions with the remaining amount to be used for non-payment services, that portion of the funds to be used for future payment transactions shall also be subject to the requirements of paragraph 1 of this Article. Where that portion of funds is variable or not known in advance, payment

institutions may apply this paragraph on the basis of a representative portion assumed to be used for payment services provided such a representative portion can be reasonably estimated on the basis of historical data to the satisfaction of the CBK.

Article 12

Application for authorization

1. The application for authorization as a payment institution shall be submitted to the CBK, together with the following:

1.1. a program of operations setting out in particular the type of payment services envisaged;

1.2. a business plan including a forecast budget calculation for the first 3 financial years which demonstrates that the applicant is able to employ the appropriate and proportionate systems, resources and procedures to operate soundly;

1.3. evidence that the payment institution holds initial capital as provided for in Article 9;

1.4. for the payment institutions referred to in paragraph 1 of Article 11 of this Law, a description of the measures taken for safeguarding payment service users' funds in accordance with Article 11 of this Law;

1.5. a description of the applicant's governance arrangements and internal control mechanisms, including administrative, risk management and accounting procedures, which demonstrates that those governance arrangements, control mechanisms and procedures are proportionate, appropriate, sound and adequate;

1.6. a description of the procedure in place to monitor, handle and follow up a security incident and security related customer complaints, including an incident reporting mechanism which takes account of the notification obligations of the payment institution laid down in Article 96 of this Law;

1.7. a description of the process in place to file, monitor, track and restrict access to sensitive payment data;

1.8. a description of business continuity arrangements including a clear identification of the critical operations, effective contingency plans and a procedure to regularly test and review the adequacy and efficiency of such plans;

1.9. a description of the principles and definitions applied for the collection of statistical data performance, transactions and fraud;

1.10. a security policy document, including a detailed risk assessment in relation to its payment services and a description of security control and mitigation measures taken to adequately protect payment service users against the risks identified, including fraud and illegal use of sensitive and personal data;

1.11. a description of the internal control mechanisms which the applicant has established in order to comply with the obligations under the applicable legislation on the prevention of money laundering and combating terrorist financing;

1.12. a description of the applicant's structural organization, including, where applicable, a description of the intended use of agents and branches and of the off-site and on-site checks that the applicant undertakes to perform on them at least annually, as well as a description of outsourcing arrangements, and a description of the payment institution's participation in a national or international payment system;

1.13. the identity of persons holding in the applicant, directly or indirectly, qualifying holdings, the size of their holdings and evidence of their suitability taking into account the need to ensure the sound and prudent management of a payment institution;

1.14. the identity of the directors and persons responsible for the management of the payment institution and, where relevant, persons responsible for the management of the payment services activities of the payment institution, as well as evidence that they are of good repute and possess appropriate knowledge and experience to perform payment services as determined by Law and in sub-legal acts of the CBK;

1.15. the identity of auditors as defined in CBK regulatory framework;

1.16. the applicant's legal status and articles of association; and

1.17. the address of the applicant's head office.

2. For the purposes of sub-paragraphs 1.4, 1.5, 1.6 and 1.12 of paragraph 1 of this Article, the applicant shall provide a description of its audit arrangements and the organizational arrangements it has set up with a view to taking all reasonable steps to protect the interests of its users and to ensure continuity and reliability in the performance of payment services.

3. The security control and mitigation measures referred to sub-paragraph 1.10 of paragraph 1 of this Article, shall indicate how they ensure a high level of technical security and data protection, including for the software and ICT services used by the applicant or the undertakings to which it outsources the whole or part of its operations. Those measures shall also include the security measures laid down in Article 95 paragraph 1 and take into consideration CBK's guidelines on security measures as referred to in Article 95 paragraph 3 of this Law.

4. The CBK shall, after consulting all relevant stakeholders, including those in the payment services market, reflecting all interest involved, issue guidelines and sub-legal acts concerning the information to be provided with the application regulated under paragraph 1, including the requirements laid down in sub-paragraphs 1.1, 1.2, 1.3, 1.5 and 1.7 to 1.10 of this Article.

Article 13

Control of the shareholding

1. Any natural or legal person who has taken a decision to acquire or to further increase, directly or indirectly, a qualifying holding in a payment institution, as a result of which the owned share of the capital or voting rights reach or exceed 20%, 30% or 50% or so that the payment institution would become its subsidiary, shall inform the CBK in writing of their intention in advance. The same shall apply to any natural or legal person who has taken the decision to dispose, directly or indirectly, of a qualifying holding, or to reduce this holding so as the owned share of the capital or voting rights would fall below 20%, 30% or 50% or so that the payment institution would cease to be its subsidiary.

2. The proposed acquirer of a qualifying holding shall supply to the CBK information indicating the size of the intended holding and relevant information as specified by the CBK.

3. When the CBK considers that the influence exercised by the proposed acquirer, as referred to in paragraph 2 of this Article, is likely to operate to the detriment of the sound and prudent management of the payment institution, or when any person fails to provide prior information, as laid down in this Article, the CBK shall express its opposition to such acquisition and take all appropriate measures to address and put an end to the situation such as suspension of the exercise of the voting rights attached to the shares held by shareholders or members, or injunctions or application of relevant penalties against directors or the persons responsible for the management of the payment institution.

4. If a holding is acquired despite the opposition of the CBK in accordance with paragraph 3 of this Article, and without prejudice to other penalties that may be applicable, any votes cast for such purpose shall be deemed null and void.

Article 14

Granting of authorization

1. Undertakings other than those referred to in paragraphs 1.1, 1.2, 1.4, 1.5. and 1.6 of Article 1 of this Law and other than natural or legal persons benefiting from an exemption pursuant to Articles 24 and 25 of this Law, who intend to provide payment services, should obtain an authorization as a payment institution before commencing the provision of payment services. An authorization shall only be granted to a legal person established in Kosovo.

2. The CBK shall grant an authorization only if the information and evidence accompanying the application complies with all of the requirements laid down in Article 12 of this Law, and if the CBK's overall assessment, having scrutinized the application, is favourable.

3. The CBK shall have the right to carry out independent verifications to prove the authenticity of the information provided by the applicant and may collaborate and exchange information with all relevant national and foreign authorities as necessary.

4. The CBK shall grant the authorization only if the entity meets all the conditions set forth in this Law and in the sub-legal acts issued for its implementation, for managing its payment services business, taking into account the need to ensure the sound and prudent management of a payment institution, which includes:

4.1. a clear organizational structure, with well-defined, transparent and consistent lines of responsibility;

4.2. effective procedures to identify, manage, monitor and report the risks to which it is or might be exposed; and

4.3. adequate internal control system, including sound administrative and accounting procedures. These arrangements, procedures and mechanisms shall be comprehensive and proportionate to the nature, scale and complexity of the payment services provided by the payment institution.

5. Where a payment institution provides any of the payment services referred to in paragraphs 1.2.1 to 1.2.7 of Article 4 of this Law and, at the same time, is engaged in other business activities, the CBK may require the establishment of a separate entity for the payment services business, where the non-payment services activities of the payment institution impair or are likely to impair either the financial soundness of the payment institution or the ability of the CBK to monitor the payment institution's compliance with all the obligations laid down by this Law.

6. The CBK shall refuse to grant an authorization if, taking into account the need to ensure the sound and prudent management of a payment institution, it is not satisfied as to the suitability of the shareholders or partners that hold qualifying holdings.

7. Where close links exist between the payment institution and other natural or legal persons, the CBK shall grant an authorization only if those links do not prevent the effective exercise of its supervisory functions.

8. The CBK shall grant an authorization only if the Laws, regulations or administrative provisions of a foreign jurisdiction governing one or more natural or legal persons with which the payment institution has close links, or difficulties involved in the enforcement of those Laws, regulations or administrative provisions, do not prevent the effective exercise of

CBK's supervisory functions.

Article 15
Communication of the decision

1. The CBK, within three months from the receipt of the application or, if the application is incomplete, from the receipt of the additional information or documents required by the CBK for the decision, shall notify the applicant whether the authorization is granted or refused.
2. The CBK shall provide the reasons where it refuses to grant authorization in the relevant decision.

Article 16
Withdrawal of authorization

1. The CBK may withdraw the authorization granted to a payment institution only if the institution:
 - 1.1. has not started its business within twelve (12) months from the granting of the authorization or has ceased to engage in business for more than six (6) months;
 - 1.2. expressly renounces the authorization;
 - 1.3. has obtained the authorization through false statements or any other irregular means;
 - 1.4. no longer meets the conditions for granting the authorization or does fail to notify the CBK on major developments in this respect;
 - 1.5. poses a threat to the stability of and the trust in the payment system if it continues the payment services business; or
 - 1.6. falls within any of the other cases where the Kosovo legislation provides for withdrawal of the authorization.
2. The CBK shall give reasons for any withdrawal of an authorization and shall notify the interested parties accordingly.
3. The CBK shall publish in its Official Bulletin the decision for the withdrawal of an authorization and disclose such withdrawal in the public register referred to in Article 18 of this Law.

Article 17

Obligation to notify

1. Payment institutions shall notify the CBK on any new major developments ascertained after the granting of the authorization, as well as changes to the presented documentation or information in accordance with the provisions laid down in Articles 12 and 14 of this Law., on the basis of which the CBK has granted the authorization.

2. The notification in accordance with point 1 of this Article shall be carried out immediately, but in any case, no later than fifteen (15) days after the occurrence or the discovery by the payment institution of the new facts and circumstances.

Article 18

Public register

1. The CBK shall establish a public register in which the following are entered:

1.1. authorized payment institutions and their agents;

1.2. natural and legal persons benefiting from an exemption pursuant to Articles 24 or 25 of this Law, and their agents; and

1.3. electronic money institutions and their agents.

2. The public register shall identify the payment services for which the payment institution is authorized or for which the natural or legal person has been registered. Authorized payment institutions shall be listed in the register separately from natural and legal persons benefiting from an exemption pursuant to Articles 24 or 25 of this Law. The register shall be publicly available for consultation, accessible online, and updated without delay.

3. The CBK shall enter in the public register any withdrawal of authorization and any withdrawal of an exemption pursuant to Articles 24 or 25 of this Law.

Article 19

Accounting and auditing

1. Payment institutions shall maintain accounts and prepare financial statements to reflect their financial condition precisely and in accordance with the accounting rules and principles, on individual or consolidated basis, in accordance with the legislation in force on the accounting and financial statements.

2. Each payment institution shall have in place management, accounting procedures and sufficient internal control systems, on individual and consolidated basis, in compliance with the sub-legal acts issued by the CBK.

3. Annual accounts and consolidated accounts of payment institutions shall be audited by an external auditor, pursuant to the legislation in force on accounting and financial statements and on external audit, organization of the professions of auditors.

4. Payment institutions that carry out the payment services and activities referred to in Article 20 paragraph 1 of this Law shall keep separate accounting information on these services and activities, which must be part of external auditor's report.

5. Obligations set out in the legislation in force on banks shall be applied in the same manner for external auditors of payment institutions, in respect of payment services activities.

6. The CBK shall define by sub-legal act the form, type, methodology, content of the financial statements and the reporting period of the payment institutions, as well as the requirements for external auditors.

Article 20 **Activities**

1. Apart from the provision of payment services, payment institutions shall be entitled to engage in the following activities:

1.1. the provision of operational and closely related ancillary services such as ensuring the execution of payment transactions, foreign exchange services, safekeeping activities, and the storage and processing of data;

1.2. the operation of payment systems, without prejudice to Article 26 of this Law and applicable legal and regulatory rules;

1.3. business activities other than the provision of payment services, having regard to applicable Laws and regulations.

2. Where payment institutions engage in the provision of one or more payment services, they may hold only payment accounts which are used exclusively for payment transactions.

3. Any funds received by payment institutions from payment service users with a view to the provision of payment services shall not constitute a deposit or other repayable funds pursuant to the definition of the legislation into force on banks, or electronic money. Payment institutions are obliged to include within the framework agreement with the payment service user, a clear disclosure that the funds received with the intention to provide payment services are not considered deposits or repayable funds.

4. Payment institutions may grant credit relating to payment services as referred to in sub-paragraphs 1.2.4 or 1.2.5 of Article 4 of this Law only if all of the following conditions are

met:

- 4.1. the credit shall be ancillary and granted exclusively in connection with the execution of a payment transaction;
 - 4.2. notwithstanding applicable legal provisions on providing credit by credit cards, the credit granted in connection with a payment, other than an exclusively national payment where both payee and payer are located in Kosovo, shall be repaid within a short period which shall in no case exceed twelve (12) months;
 - 4.3. such credit shall not be granted from the funds received or held for the purpose of executing a payment transaction;
 - 4.4. the own funds of the payment institution shall at all times and to the satisfaction of the CBK be appropriate in view of the overall amount of credit granted.
5. Payment institutions shall not conduct the business of taking deposits or other repayable funds as defined in legislation into force on Banks.
6. This Law shall be without prejudice to other relevant legal or regulatory provisions regarding conditions for granting credit to consumers.

SUB-CHAPTER II OTHER REQUIREMENTS

Article 21

Use of agents, branches or entities to which activities are outsourced

1. Where a payment institution wants to provide payment services through an agent it shall communicate the following information to the CBK:
 - 1.1. agent identification data;
 - 1.2. a description of the internal control mechanisms that will be used by the agent in order to comply with the obligations in relation to prevention money laundering and combating terrorist financing under Kosovo legislation in force, which shall be updated without delay in the event of material changes to the particulars communicated at the initial notification;
 - 1.3. the identity of directors and persons responsible for the management of the agent to be used in the provision of payment services and, for agents other than payment service providers, evidence that they are fit and proper persons, in compliance with the sub-legal acts issued by CBK;
 - 1.4. the payment services of the payment institution for which the agent is mandated;

and

- 1.5. where applicable, the unique identification code or number of the agent.
2. Within two (2) months of receipt of the information referred to in paragraph 1 of this Article, the CBK shall communicate to the payment institution whether the agent has been entered in the register provided for in Article 18 of this Law. Upon entry in the register, the agent may commence providing payment services.
3. Before listing the agent in the register, the CBK shall, if consider that the information provided is incorrect, take further action to verify the information.
4. If, after acting to verify the information, the CBK is not satisfied that the information provided pursuant to paragraph 1 of this Article is correct, it shall refuse to list the agent in the register provided for in Article 18 of this Law and shall inform the payment institution without undue delay.
5. Where a payment institution intends to outsource operational functions of payment services, it shall inform the CBK accordingly and is subject to the following conditions:
 - 5.1. outsourcing of important operational functions, including ICT systems, shall not be undertaken in such way as to impair materially the quality of the payment institution's internal control and the ability of the CBK to monitor and retrace the payment institution's compliance with all of the obligations laid down in this Law;
 - 5.2. for the purposes of the previous subparagraph, an operational function shall be regarded as important if a defect or failure in its performance would materially impair the continuing compliance of a payment institution with the requirements of its authorization granted by the CBK, any other obligations under this Law, its financial performance, or the soundness or the continuity of its payment services;
 - 5.3. payment institution can only outsource important operational functions only when the following conditions are met:
 - 5.3.1. the outsourcing shall not result in the delegation by senior management of its responsibility;
 - 5.3.2. the relationship and obligations of the payment institution towards its payment service users under this Law shall not be altered;
 - 5.3.3. the conditions with which the payment institution is to comply in order to be authorized by the CBK and remain so shall not be undermined;
 - 5.3.4. none of the other conditions subject to which the payment institution's

authorization was granted shall be removed or modified.

6. Payment institutions shall ensure that agents or branches acting on their behalf inform payment service users of this fact.

7. Payment institutions shall communicate to the CBK without undue delay any change regarding the use of entities to which activities are outsourced and, in accordance with the procedure provided in paragraphs 2, 3 and 4 of this Article, agents, including additional agents.

Article 22 Liability

1. Where payment institutions rely on third parties for the performance of operational functions, those payment institutions shall take reasonable steps to ensure that the requirements of this Law are complied with.

2. Payment institutions remain fully liable for any acts of their employees, or any agent, branch or entity to which activities are outsourced.

3. Payment institutions shall remain fully liable on each operation conducted by agents to which payment service activities are outsourced.

Article 23 Record-keeping

Without prejudice to other relevant Laws or regulations, payment institutions shall keep all appropriate records for the purpose of this Section for at least 5 years.

SUB-CHAPTER III EXEMPTIONS

Article 24 Conditions

1. The CBK may exempt natural or legal persons providing payment services as referred to in sub-paragraphs 1.2.1 to 1.2.6 of Article 4 of this Law from the application of all or part of the procedure and conditions set out in Chapter I, and Sub-chapters I and II of Chapter II of this Section, with the exception of Articles 5, 7, 18 and 130 of this Law, where:

1.1. the monthly average of the preceding 12 months' total value of payment transactions executed by the person concerned, including any agent for which it assumes full responsibility, does not exceed a limit set by the CBK with sub-legal

acts but that, in any event, amounts to no more than three million euros (3,000,000€). That requirement shall be assessed on the projected total amount of payment transactions in its business plan, unless an adjustment to that plan is required by the CBK; and

1.2. none of the natural persons responsible for the management or operation of the business has been convicted of offences relating to money laundering or terrorist financing or other financial crimes.

2. Any natural or legal person registered in accordance with paragraph 1 of this Article shall have its head office or place of residence in the country.

3. The persons referred to in paragraph 1 of this Article shall be treated as payment institutions.

4. The CBK may determine that any natural or legal person registered in accordance with paragraph 1 of this Article may engage only in certain activities listed in Article 20 of this Law.

5. The persons referred to in paragraph 1 of this Article shall notify the CBK of any change in their situation which is relevant to the conditions specified in that paragraph.

6. Where the conditions set out in paragraphs 1, 2 or 4 of this Article are no longer met, the persons concerned shall seek authorization within 30 calendar days in accordance with relevant provisions of this Law and sub-legal acts into force issued by CBK.

7. This Article shall not apply in respect of applicable legal and regulatory provisions on anti-money-laundering and financing of terrorism.

Article 25

Account information service providers

1. Natural or legal persons providing only the payment service as referred to in subparagraph 1.2.8 of Article 4 of this Law, shall be exempt from the application of the procedure and conditions set out in Sub-chapters I and II, with the exception of subparagraphs 1.1, 1.2, 1.5 to 1.8, 1.10, 1.12, 1.14, 1.16 and 1.17 of paragraph 1 of Article 12, paragraph 3 of Article 8, and Article 18 of this Law. Chapter I shall apply, with the exception of paragraph 4 of Article 6.

2. The persons referred to in paragraph 1 of this Article shall be treated as payment institutions, save that the Sections III and IV shall not apply to them, with the exception of Articles 41, 45 and 52 where applicable, and of Articles 67, 69 and 93 to 98 of this Law.

CHAPTER III GENERAL PROVISIONS

Article 26 Access to payment systems

1. The rules on access of authorized or registered payment service providers that are legal persons to payment systems shall be objective, non-discriminatory and proportionate and shall not inhibit access more than is necessary to safeguard against specific risks such as settlement risk, operational risk and business risk and to protect the financial and operational stability of the payment system.

2. Payment systems shall not impose on payment service providers, on payment service users or on other payment systems any of the following requirements:

2.1. restrictive rules on effective participation in other payment systems;

2.2. rules which discriminate between payment service providers in relation to the rights, obligations and entitlements of participants;

2.3. restriction on the basis of institutional status.

3. Paragraphs 1 and 2 of this Article shall not apply to payment systems composed exclusively of payment service providers belonging to a group.

4. Where a participant in a designated system as defined in Article 11 of the Law on Payment System, allows an authorized or registered payment service provider that is not a participant in the system to pass transfer orders through the system that participant shall, when requested, give the same opportunity in an objective, proportionate and non-discriminatory manner to other authorized or registered payment service providers in line with paragraphs 1 and 2 of this Article. The participant shall provide the requesting payment service provider with full reasons for any rejection.

5. Payment institutions and electronic money institutions that request or participate in systems under Article 11 of this Law, shall have measures in place to safeguard users' funds, governance and internal control arrangements (including ICT arrangements), and a winding-up plan in case of failure. The CBK shall, by means of sub-legal acts, specify in more detail the criteria and the procedure for assessing compliance with these requirements.

Article 27 Access to accounts maintained with a bank

1. Payment institutions shall have access to banks payment accounts services on an

objective, non-discriminatory and proportionate basis. Such access shall be sufficiently extensive as to allow payment institutions to provide payment services in an unhindered and efficient manner.

2. Banks shall provide the CBK with duly motivated reasons in writing for any rejection, within five (5) working days from the decision for refusal.

Article 28

Prohibition of persons other than payment service providers from providing payment services and duty of notification

1. Natural or legal persons that are neither payment service providers nor explicitly excluded from the scope of this Law are prohibited from providing payment services.

2. Service providers carrying out either of the activities referred to in sub-subparagraphs 1.11.1 and 1.11.2 of Article 3 of this Law or carrying out both activities, for which the total value of payment transactions executed over the preceding twelve (12) months exceeds the amount of one million euros (1,000,000€) shall send a notification to the CBK containing a description of the services offered, specifying under which exclusion referred to in sub-subparagraphs 1.11.1 and 1.11.2 of Article 3 of this Law the activity is considered to be carried out.

2.1. On the basis of the notification, the CBK shall take a duly motivated decision on the basis of criteria referred to in sub-paragraph 1.11 of Article 3 of this Law where the activity does not qualify as a limited network and inform the service provider accordingly.

3. Service providers carrying out an activity referred to in sub-paragraph 1.12 of Article 3 of this Law shall send a notification to the CBK and provide the CBK an annual audit opinion, testifying that the activity complies with the limits set out in sub-paragraph 1.12 of Article 3 of this Law.

4. Persons and the description of the activity notified under paragraphs 2 and 3 of this Article shall be made publicly available in the register provided for in Article 18 of this Law.

**CHAPTER IV
ELECTRONIC MONEY INSTITUTIONS**

**SUB-CHAPTER I
TAKING UP, PURSUIT AND PRUDENTIAL SUPERVISION OF THE BUSINESS OF
ELECTRONIC MONEY INSTITUTIONS**

**Article 29
General prudential rules**

1. Without prejudice to this Chapter, Articles 5 to 7, Article 12, Articles 14 to 19, paragraph 5 of Article 21, Articles 22 and 23, Articles 26 and 27 and Article 130 of this Law shall apply to electronic money institutions *mutatis mutandis*.

2. Electronic money in the Republic of Kosovo may be issued only by electronic money issuers as referred to in paragraph 2 of Article 1 of this Law.

3. Electronic money institutions shall inform the CBK in advance of any material change in measures taken for safeguarding of funds that have been received in exchange for electronic money issued.

4. Any natural or legal person who has taken a decision to acquire or dispose of, directly or indirectly, a qualifying holding in an electronic money institution, or to further increase or reduce, directly or indirectly, such qualifying holding as a result of which the proportion of the capital or of the voting rights held would reach, exceed or fall below 20%, 30% or 50%, or so that the electronic money institution would become or cease to be its subsidiary, shall inform the CBK of their intention in advance of such acquisition, disposal, increase or reduction.

4.1. the proposed acquirer shall supply the CBK information indicating the size of the intended holding and relevant information as determined by the CBK;

4.2. where the influence exercised by the persons referred to in this paragraph 4 of this Article, is likely to operate to the detriment of the prudent and sound management of the institution, the CBK shall express its opposition or take other appropriate measures to bring the situation to an end. Such measures may include injunctions, sanctions against directors or managers, or the suspension of the exercise of the voting rights attached to the shares held by the shareholders or members in question;

4.3. similar measures shall apply to natural or legal persons who fail to comply with the obligation to provide prior information, as laid down in this paragraph 4 of this Article;

4.4. if a holding is acquired despite the opposition of the CBK in accordance with

sub-paragraph 4.2 of this Article, and without prejudice to other penalties that may be applicable, the acquisition of the holding as well as the votes casted for such purpose and/or afterwards are null;

4.5. the CBK may waive the application of all or part of the obligations pursuant to this paragraph in respect of electronic money institutions that carry out one or more of the activities listed in sub-paragraph 1.5 of Article 32 of this Law.

5. Electronic money institutions are allowed to distribute and redeem electronic money and to provide payment services referred to in the sub-paragraph 1.2 of Article 4 to this Law through agent's subject to the conditions laid down in Article 21 of this Law.

6. Notwithstanding paragraph 5 of this Article, electronic money institutions are not allowed to issue electronic money through agents.

Article 30 **Initial capital**

Electronic money institutions shall hold, at the time of authorization, initial capital in the amount of not less than three hundred and fifty euros (EUR 350,000) and comprised of one or more of the items as determined by the CBK through sub-legal acts.

Article 31 **Own funds**

1. The electronic money institution's own funds, as set out in sub-legal acts issued by the CBK, shall not fall below the amount required under paragraphs 2 to 5 of this Article or under Article 30 of this Law, whichever the higher.

2. In regard to the activities referred to in sub-paragraph 1.1 of Article 32 of this Law that are not linked to the issuance of electronic money, the own funds requirements of an electronic money institution shall be calculated in accordance with one or more methods as determined by the CBK through sub-legal acts.

3. In regard to the activity of issuing electronic money, the own funds requirements of an electronic money institution shall amount to at least 2% of the average outstanding electronic money.

4. Electronic money institutions shall at all times hold own funds that are at least equal to the sum of the requirements referred to in paragraphs 2 and 3 of this Article.

5. Where an electronic money institution carries out any of the activities referred to in subparagraph 1.1 of Article 32 of this Law that are not linked to the issuance of electronic money or any of the activities referred to in sub-paragraphs 1.2 to 1.5 of Article 32 of this

Law and the amount of outstanding electronic money is unknown in advance, the CBK shall allow that electronic money institution to calculate its own funds requirements on the basis of a representative portion assumed to be used for the issuance of electronic money, provided such a representative portion can be reasonably estimated on the basis of historical data and to the satisfaction of the CBK. Where an electronic money institution has not completed a sufficient period of business, its own funds requirements shall be calculated on the basis of projected outstanding electronic money evidenced by its business plan subject to any adjustments to that plan having been required by the CBK.

6. Based on assessment of the electronic money institution's risk management processes, risk loss databases and internal control mechanisms, the CBK may require the electronic money institution to hold an amount of own funds which is up to twenty percent (20%) higher than the amount which would result from the application of the relevant method in accordance with paragraph 2 of this Article, or permit the electronic money institution to hold an amount of own funds which is up to twenty percent (20%) lower than the amount which would result from the application of the relevant method in accordance with paragraph 2 of this Article.

7. The CBK shall take the necessary measures to prevent the multiple use of elements eligible for capital:

7.1. where the electronic money institution belongs to the same group as another electronic money institution, a bank, a payment institution, an investment firm, an asset management company or an insurance or reinsurance undertaking;

7.2. where an electronic money institution carries out activities other than the issuance of electronic money.

8. If the appropriate conditions are met in order to ensure that capital is distributed adequately between the parent undertaking and the subsidiary, the CBK may choose not to apply the requirements in this Article to electronic money institutions which are included in the consolidated supervision of a parent bank operating in Kosovo.

Article 32 **Activities**

1. In addition to issuing electronic money, electronic money institutions shall be entitled to engage in any of the following activities:

1.1. the provision of payment services listed in sub-paragraph 1.2 of Article 4 of this Law;

1.2. the granting of credit related to payment services referred to in sub-paragraphs 1.2.4 or 1.2.5 of Article 4 of this Law, where the conditions laid down in paragraphs 4

and 6 of Article 20 of this Law are met;

1.3. the provision of operational services and closely related ancillary services in respect of the issuing of electronic money or the provision of payment services referred to in subparagraph 1.1 of this Article;

1.4. the operation of payment systems without prejudice to Article 26 of this Law and applicable legal and regulatory rules;

1.5. business activities other than the issuance of electronic money, having regard to the applicable Law and regulation.

2. Credit referred to in sub-paragraph 1.2 of paragraph 1 of this Article shall not be granted from the funds received in exchange of electronic money and held in accordance with paragraph 1 of Article 33 of this Law.

3. Electronic money institutions shall not take deposits or other repayable funds from the public.

4. Any funds received by electronic money institutions from the electronic money holder shall be exchanged for electronic money without delay. Such funds shall not constitute either a deposit or other repayable funds received from the public.

5. Paragraphs 2, 3 and 5 of Article 20 of this Law, shall apply to funds received for the activities referred to in sub-paragraph 1.1 of this Article that are not linked to the activity of issuing electronic money.

6. Electronic money institutions are obliged to include within the framework agreement with the electronic money holder, a clear disclosure that the funds received in exchange of electronic money are not considered deposits or repayable funds.

Article 33

Safeguarding requirements

1. Electronic money institutions shall safeguard funds that have been received in exchange for electronic money that have been issued, in accordance with Article 11 of this Law:

1.1. funds received in the form of payment-by-payment instrument need not be safeguarded until they are credited to the electronic money institution's payment account or are otherwise made available to the electronic money institution in accordance with the execution time requirements laid down in the Section III, where applicable;

1.2. in any event, such funds shall be safeguarded by no later than five business

days, after the issuance of electronic money.

2. Article 11 of this Law shall apply to electronic money institutions for the activities referred to in sub-paragraph 1.1 of Article 32 of this Law that are not linked to the activity of issuing electronic money.

3. For the purposes of paragraphs 1 and 2, the CBK may determine by secondary legislation which method shall be used by the electronic money institutions to safeguard funds.

Article 34

Optional exemptions

1. The CBK may waive the application of all or part of the procedures and conditions set out in Articles 29, 30, 31 and 33 of this Law, with the exception of Articles 5, 7 and 130 of this Law, and allow legal persons to be entered in the register for electronic money institutions if both of the following requirements are complied with:

1.1. the total business activities generate an average outstanding electronic money that does not exceed a limit set by the CBK but that, in any event, amounts to no more than five million euro (5,000,000); and

1.2. none of the natural persons responsible for the management or operation of the business has been convicted of offences relating to money laundering or terrorist financing or other financial crimes.

2. Where an electronic money institution carries out any of the activities referred to in sub-paragraph 1.1 of Article 32 of this Law, that are not linked to the issuance of electronic money or any of the activities referred to in sub-paragraphs 1.2 to 1.5 of Article 32 of this Law and the amount of outstanding electronic money is unknown in advance, the CBK shall allow that electronic money institution to apply subparagraph 1.1 of the paragraph 1 of this Article, on the basis of a representative portion assumed to be used for the issuance of electronic money, provided that such a representative portion can be reasonably estimated on the basis of historical data and to the satisfaction of the CBK.

2.1. where an electronic money institution has not completed a sufficiently long period of business, that requirement shall be assessed on the basis of projected outstanding electronic money evidenced by its business plan subject to any adjustment to that plan having been required by the CBK;

2.2. the CBK may also provide for the granting of the optional exemptions under this Article to be subject to an additional requirement of a maximum storage amount on the payment instrument or payment account of the consumer where the electronic money is stored;

- 2.3. a legal person registered in accordance with paragraphs 1 and 2 of this Article, may provide payment services not related to electronic money issued in accordance with this Article only if conditions set out in Article 24 of this Law are met.
3. A legal person registered in accordance with paragraphs 1 and 2 of this Article, shall be required to have its head office in Kosovo.
4. A legal person registered in accordance with paragraphs 1 and 2 of this Article, shall be treated as an electronic money institution.
5. The CBK may provide for a legal person registered in accordance with paragraphs 1 and 2 of this Article, to engage only in some of the activities listed in paragraph 1 of Article 32 of this Law.
6. A legal person referred to in paragraphs 1 and 2 of this Article, shall:
- 6.1. notify the CBK of any change in its situation which is relevant to the conditions specified in paragraphs 1 and 2 of this Article; and
 - 6.2. at least annually, on date specified by the CBK, report on the average outstanding electronic money.
7. The CBK shall take the necessary steps to ensure that where the conditions set out in paragraphs 1, 2, 3 and 5 of this Article are no longer met, the legal person concerned shall seek authorization within 30 calendar days in accordance with Article 29 of this Law.
- 7.1. any such person that has not sought authorization within that period shall be prohibited, in accordance with Article 35 of this Law, from issuing electronic money.
8. The CBK has the authority, and can adopt all measures it deems necessary, to verify continued compliance with the requirements laid down in this Article.
9. This Article shall not apply in respect of anti-money-laundering applicable provisions.

SUB-CHAPTER II ISSUANCE AND REDEEMABILITY OF ELECTRONIC MONEY

Article 35 Prohibition from issuing electronic money

Natural or legal persons, who are not electronic money issuers, are prohibited from issuing electronic money.

Article 36

Issuance and redeemability

1. Electronic money issuers shall issue electronic money at par value on the receipt of funds.
2. Upon request by the electronic money holder, electronic money issuers shall redeem, at any moment and at par value, the monetary value of the electronic money held.
3. The contract between the electronic money issuer and the electronic money holder shall clearly and prominently state the conditions of redemption, including any fees relating thereto, and the electronic money holder shall be informed of those conditions before being bound by any contract or offer.
4. Redemption may be subject to a fee only if stated in the contract in accordance with paragraph 3 of this Article, and only in any of the following cases:
 - 4.1. where redemption is requested before the termination of the contract;
 - 4.2. where the contract provides for a termination date and the electronic money holder terminates the contract before that date; or
 - 4.3. where redemption is requested more than one year after the date of termination of the contract.
5. Any fee under paragraph 4 of this Article shall be proportionate and commensurate with the actual costs incurred by the electronic money issuer.
6. Where redemption is requested before the termination of the contract, the electronic money holder may request redemption of the electronic money in whole or in part.
7. Where redemption is requested by the electronic money holder on or up to one year after the date of the termination of the contract:
 - 7.1. the total monetary value of the electronic money held shall be redeemed; or
 - 7.2. where the electronic money institution carries out one or more of the activities referred to in sub-paragraph 1.5 of Article 32 of this Law, and it is unknown in advance what proportion of funds is to be used as electronic money, all funds requested by the electronic money holder shall be redeemed.
8. Notwithstanding paragraphs 4, 5, 6 and 7, redemption rights of a person, other than a consumer, who accepts electronic money shall be subject to the contractual agreement between the electronic money issuer and that person.

Article 37
Prohibition of interest

The granting of interest or any other benefit related to the length of time during which an electronic money holder holds the electronic money shall be prohibited.

CHAPTER V
BRANCHES

Article 38
Activity in Kosovo of branches of foreign undertakings

1. The CBK may, with respect for the applicable legal provisions governing the establishment of branches and pursuit of business activities in Kosovo, authorize the activity of branches of payment institutions and electronic money institutions having their head office outside the country if the following conditions are fulfilled:

1.1. such undertakings are subject to a legal framework equivalent to the one provided by this Law for authorization; and

1.2. the CBK is able to obtain and share adequate information with the relevant supervisory authorities.

2. The CBK shall not apply to a branch of a payment institution or electronic money institution having its head office outside Kosovo, when taking up or pursuing its business, provisions which result in more favourable treatment than that accorded to a payment institution or an electronic money institution having its head office in Kosovo.

3. Branches of foreign undertakings authorized by the CBK under this Article shall be treated as payment institutions or electronic money institutions, and all provisions of this Law shall apply with the adjustments and specificities, in the minimum extension necessary, as prescribed by the CBK

4. The CBK may require the establishment of a subsidiary for the provision of payment services or issuance of electronic money, where the foreign activities of the payment institution or electronic money institution impair or are likely to impair either the financial soundness of the branch or the ability of the CBK to monitor the branch compliance with all the obligations laid down by this Law.

5. In addition to the previous paragraph, the CBK may adopt any measure prescribed by Law to guarantee the soundness and uninterrupted operation of the branch in Kosovo, as well as the rights of the relevant payment service users and electronic money holders.

6. The conditions provided for in this paragraph can also be extended to the use of agents in the Republic of Kosovo by foreign undertakings, in the terms as specified by the CBK.

SECTION III
TRANSPARENCY OF CONDITIONS AND INFORMATION REQUIREMENTS FOR
PAYMENT SERVICES

CHAPTER I
GENERAL RULES

Article 39
Scope

1. This Section applies to single payment transactions, framework contracts and payment transactions covered by them. The parties may agree that it shall not apply in whole or in part when the payment service user is not a consumer.
2. The provisions in this Section are applicable to microenterprises in the same way as to consumers.
3. This Law shall be without prejudice to applicable legal provisions regarding conditions for granting credit to consumers.

Article 40
Charges for information

1. The payment service provider shall not charge the payment service user for providing information under this Section.
2. The payment service provider and the payment service user may agree on charges for additional or more frequent information, or transmission by means of communication other than those specified in the framework contract, provided at the payment service user's request.
3. Where the payment service provider may impose charges for information in accordance with paragraph 2 of this Article, they shall be reasonable and in line with the payment service provider's actual costs.

Article 41
Burden of proof on information requirements

The burden of proof lies with the payment service provider to prove that it has complied with the information requirements set out in this Section.

Article 42

Derogation from information requirements for low-value payment instruments and electronic money

1. In cases of payment instruments which, according to the relevant framework contract, concern only individual payment transactions that do not exceed thirty euros (30€) or that either have a spending limit of one hundred and fifty euros (150€) or store funds that do not exceed one hundred and fifty euros (150€) at any time:

1.1. by way of derogation from Articles 51, 52 and 55 of this Law, the payment service provider shall provide the payer only with information on the main characteristics of the payment service, including the way in which the payment instrument can be used, liability, charges levied, and other material information needed to take an informed decision as well as an indication of where any other information and conditions specified in Article 52 of this Law, are made available in an easily accessible manner;

1.2. it may be agreed that, by way of derogation from Article 54 of this Law, the payment service provider is not required to propose changes to the conditions of the framework contract in the same way as provided for in paragraph 1 of Article 51 of this Law;

1.3. it may be agreed that, by way of derogation from Articles 57 and 59 of this Law, after the execution of a payment transaction:

1.3.1. the payment service provider provides or makes available only a reference enabling the payment service user to identify the payment transaction, the amount of the payment transaction, any charges and/or, in the case of several payment transactions of the same kind made to the same payee, information on the total amount and charges for those payment transactions;

1.3.2. the payment service provider is not required to provide or make available information referred to in sub-subparagraph 1.3.1 of this Article, if the payment instrument is used anonymously or if the payment service provider is not otherwise technically in a position to provide it. However, the payment service provider shall provide the payer with a possibility to verify the amount of funds stored.

2. The CBK may, through sub-legal acts, reduce or double the amounts referred to in paragraph 1 of this Article, for national payment transactions. The limit for prepaid payment instruments may be increased up to five hundred euros (500€).

CHAPTER II

SINGLE PAYMENT TRANSACTIONS

Article 43

Scope

1. This Chapter applies to single payment transactions not covered by a framework contract.
2. Where a payment order for a single payment transaction is transmitted by a payment instrument covered by a framework contract, the payment service provider shall not be obliged to provide or make available information which is already given to the payment service user on the basis of a framework contract with another payment service provider or which will be given to him according to that framework contract.

Article 44

Prior general information

1. Before the payment service user is bound by a single payment service contract or offer, the payment service provider shall make available to the payment service user, in an easily accessible manner, the information and conditions specified in Article 45 of this Law, with regard to its own services.

1.1. at the payment service user's request, the payment service provider shall provide the information and conditions on paper or on another durable medium;

1.2. the information and conditions shall be given in easily understandable words and in a clear and comprehensible form, in an official language of the Republic of Kosovo or in any other language expressly agreed between the parties.

2. If the single payment service contract has been concluded at the request of the payment service user using a means of distance communication which does not enable the payment service provider to comply with paragraph 1 of this Article, the payment service provider shall fulfil its obligations under that paragraph immediately after the execution of the payment transaction.

3. The obligations under paragraph 1 of this Article may also be discharged by supplying a copy of the draft single payment service contract or the draft payment order including the information and conditions specified in Article 45 of this Law.

Article 45

Information and conditions

1. The following information and conditions shall be provided or made available by the payment service provider to the payment service user:

- 1.1. a specification of the information or unique identifier to be provided by the payment service user in order for a payment order to be properly initiated or executed;
 - 1.2. the maximum execution time for the payment service to be provided;
 - 1.3. all charges payable by the payment service user to the payment service provider and, where applicable, a breakdown of those charges;
 - 1.4. where applicable, the actual or reference exchange rate to be applied to the payment transaction.
2. Payment initiation service providers shall, prior to initiation, provide the payer with, or make available to the payer, the following clear and comprehensive information:
- 2.1. the name of the payment initiation service provider, the geographical address of its head office and, where applicable, the geographical address of its agent or branch established in Kosovo, and any other contact details, including electronic mail address, relevant for communication with the payment initiation service provider; and
 - 2.2. the contact details of the CBK.
3. Where applicable, any other relevant information and conditions specified in Article 52 of this Law shall be made available to the payment service user in an easily accessible manner.

Article 46

Information for the payer and payee after the initiation of a payment order

1. In addition to the information and conditions specified in Article 45 of this Law, where a payment order is initiated through a payment initiation service provider, the payment initiation service provider shall, immediately after initiation, provide or make available all of the following data to the payer and, where applicable, the payee:
- 1.1. confirmation of the successful initiation of the payment order with the payer's account servicing payment service provider;
 - 1.2. a reference enabling the payer and the payee to identify the payment transaction and, where appropriate, the payee to identify the payer, and any information transferred with the payment transaction;
 - 1.3. the amount of the payment transaction;
 - 1.4. where applicable, the amount of any charges payable to the payment initiation

service provider for the transaction, and where applicable a breakdown of the amounts of such charges.

Article 47

Information for payer's account servicing payment service provider in the event of a payment initiation service

Where a payment order is initiated through a payment initiation service provider, it shall make available to the payer's account servicing payment service provider the reference of the payment transaction.

Article 48

Information for the payer after receipt of the payment order

1. Immediately after receipt of the payment order, the payer's payment service provider shall provide the payer with or make available to the payer, in the same way as provided for in paragraph 1 of Article 44 of this Law, all of the following data with regard to its own services:

1.1. a reference enabling the payer to identify the payment transaction and, where appropriate, information relating to the payee;

1.2. the amount of the payment transaction in the currency used in the payment order;

1.3. the amount of any charges for the payment transaction payable by the payer and, where applicable, a breakdown of the amounts of such charges;

1.4. where applicable, the exchange rate used in the payment transaction by the payer's payment service provider or a reference thereto, when different from the rate provided in accordance with sub-paragraph 1.4 of Article 45 of this Law, and the amount of the payment transaction after that currency conversion;

1.5. the date of receipt of the payment order.

Article 49

Information for the payee after execution

1. Immediately after the execution of the payment transaction, the payee's payment service provider shall provide the payee with, or make available to, the payee, in the same way as provided for in paragraph 1 of Article 44 of this Law, all of the following data with regard to its own services:

1.1. a reference enabling the payee to identify the payment transaction and, where appropriate, the payer and any information transferred with the payment transaction;

1.2. the amount of the payment transaction in the currency in which the funds are at the payee's disposal;

1.3. the amount of any charges for the payment transaction payable by the payee and, where applicable, a breakdown of the amounts of such charges;

1.4. where applicable, the exchange rate used in the payment transaction by the payee's payment service provider, and the amount of the payment transaction before that currency conversion;

1.5. the credit value date.

CHAPTER III FRAMEWORK CONTRACTS

Article 50 Scope

This Chapter applies to payment transactions covered by a framework contract.

Article 51 Prior general information

1. The payment service provider shall, require that, in good time before the payment service user is bound by any framework contract or offer, provide the payment service user on paper or on another durable medium with the information and conditions specified in Article 52 of this Law. The information and conditions shall be given in easily understandable words and in a clear and comprehensible form, in one of the official languages of the Republic of Kosovo or in any other language expressly agreed between the parties.

2. If the framework contract has been concluded at the request of the payment service user using a means of distance communication which does not enable the payment service provider to comply with paragraph 1 of this Article, the payment service provider shall fulfil its obligations under paragraph 1 of this Article immediately after conclusion of the framework contract.

3. The obligations under paragraph 1 of this Article, may also be discharged by providing a copy of the draft framework contract including the information and conditions specified in Article 52 of this Law.

Article 52

Information and conditions

1. The following information and conditions shall be provided to the payment service user:

1.1. on the payment service provider:

1.1.1. the name of the payment service provider, the address of its head office and, where applicable, the address of its agent or branch established in Kosovo, and any other address, including electronic mail address, relevant for communication with the payment service provider;

1.1.2. information and contact details of CBK and information on the register provided for in Article 18 of this Law, including the registration number or equivalent means of identification in that register;

1.2. on use of the payment service:

1.2.1. a description of the main characteristics of the payment service to be provided;

1.2.2. a specification of the information or unique identifier that has to be provided by the payment service user in order for a payment order to be properly initiated or executed;

1.2.3. the form of and procedure for giving consent to initiate a payment order or execute a payment transaction and withdrawal of such consent in accordance with Articles 64 and 80 of this Law;

1.2.4. a reference to the time of receipt of a payment order in accordance with Article 78 of this Law, and the cut-off time, if any, established by the payment service provider;

1.2.5. the maximum execution time for the payment services to be provided;

1.2.6. whether there is a possibility to agree on spending limits for the use of the payment instrument in accordance with paragraph 1 of Article 68 of this Law;

1.2.7. in the case of co-badged, card-based payment instruments, the payment service user's rights under sub-subparagraph 4.4.2 of Article 99 of this Law;

1.3. on charges, interest and exchange rates:

1.3.1. all charges payable by the payment service user to the payment service provider including those connected to the manner in and frequency with which information under this Law is provided or made available and, where applicable, the breakdown of the amounts of such charges;

1.3.2. where applicable, the interest and exchange rates to be applied or, if reference interest and exchange rates are to be used, the method of calculating the actual interest, and the relevant date and index or base for determining such reference interest or exchange rate;

1.3.3. if agreed, the immediate application of changes in reference interest or exchange rate and information requirements relating to the changes in accordance with paragraph 2 of Article 54 of this Law;

1.4. on communication:

1.4.1. where applicable, the means of communication, including the technical requirements for the payment service user's equipment and software, agreed between the parties for the transmission of information or notifications under this Law;

1.4.2. the manner in, and frequency with which, information under this Law is to be provided or made available;

1.4.3. the language or languages in which the framework contract will be concluded and communication during this contractual relationship undertaken;

1.4.4. the payment service user's right to receive the contractual terms of the framework contract and information and conditions in accordance with Article 53 of this Law;

1.5. on safeguards and corrective measures:

1.5.1. where applicable, a description of the steps that the payment service user is to take in order to keep safe a payment instrument and how to notify the payment service provider for the purposes of sub-paragraph 1.2 of Article 69 of this Law;

1.5.2. the secure procedure for notification of the payment service user by the payment service provider in the event of suspected or actual fraud or security threats;

1.5.3. if agreed, the conditions under which the payment service provider reserves the right to block a payment instrument in accordance with Article 68 of this Law;

1.5.4. the liability of the payer in accordance with Article 74 of this Law, including information on the relevant amount;

1.5.5. how and within what period of time the payment service user is to notify the payment service provider of any unauthorized or incorrectly initiated or executed payment transaction in accordance with Article 71 of this Law, as well as the payment service provider's liability for unauthorized payment transactions in accordance with Article 73 of this Law;

1.5.6. the liability of the payment service provider for the initiation or execution of payment transactions in accordance with Article 89 of this Law;

1.5.7. the conditions for refund in accordance with Articles 76 and 77 of this Law;

1.6. on changes to, and termination of, the framework contract:

1.6.1. if agreed, information that the payment service user will be deemed to have accepted changes in the conditions in accordance with Article 54 of this Law, unless the payment service user notifies the payment service provider before the date of their proposed date of entry into force that they are not accepted;

1.6.2. the duration of the framework contract;

1.6.3. the right of the payment service user to terminate the framework contract and any agreements relating to termination in accordance with paragraph 1 of Article 54 and Article 55 of this Law;

1.7. on redress:

1.7.1. any contractual clause on the Law applicable to the framework contract and/or the competent courts;

1.7.2. the alternative dispute resolution procedures available to the payment service user in accordance with Articles 120 to 122 of this Law.

Article 53

Accessibility of information and conditions of the framework contract

At any time during the contractual relationship the payment service user shall have a right to receive, on request, the contractual terms of the framework contract as well as the information and conditions specified in Article 52 of this Law, on paper or on another durable medium.

Article 54

Changes in conditions of the framework contract

1. Any changes in the framework contract or in the information and conditions specified in Article 52 of this Law, shall be proposed by the payment service provider in the same way as provided for in paragraph 1 of Article 51 of this Law, and no later than two (2) months before their proposed date of application.

1.1. the payment service user can either accept or reject the changes before the date of their proposed date of entry into force;

1.2. where applicable in accordance with sub-subparagraph 1.6.1 of Article 52 of this Law, the payment service provider shall inform the payment service user that it is to be deemed to have accepted those changes if it does not notify the payment service provider before the proposed date of their entry into force that they are not accepted;

1.3. the payment service provider shall also inform the payment service user that, in the event that the payment service user rejects those changes, the payment service user has the right to terminate the framework contract free of charge and with effect at any time until the date when the changes would have applied.

2. Changes in the interest or exchange rates may be applied immediately and without notice, provided that such a right is agreed upon in the framework contract and that the changes in the interest or exchange rates are based on the reference interest or exchange rates agreed on in accordance with sub-subparagraphs 1.3.2 and 1.3.3 of Article 52 of this Law.

2.1. the payment service user shall be informed of any change in the interest rate at the earliest opportunity in the same way as provided for in paragraph 1 of Article 51 of this Law, unless the parties have agreed on a specific frequency or manner in which the information is to be provided or made available. However, changes in interest or exchange rates which are more favourable to the payment service users, may be applied without notice.

3. Changes in the interest or exchange rate used in payment transactions shall be implemented and calculated in a neutral manner that does not discriminate against payment

service users.

Article 55

Termination

1. The payment service user may terminate the framework contract at any time unless the parties have agreed on a period of notice. Such a period shall not exceed one (1) month.

2. Termination of the framework contract shall be free of charge for the payment service user except where the contract has been in force for less than six (6) months.

2.1. charges, if any, for termination of the framework contract shall be appropriate and in line with costs.

3. If agreed in the framework contract, the payment service provider may terminate a framework contract concluded for an indefinite period by giving at least two (2) months' notice in the same way as provided for in paragraph 1 of Article 51 of this Law.

4. Charges for payment services levied on a regular basis shall be payable by the payment service user only proportionally up to the termination of the contract. If such charges are paid in advance, they shall be reimbursed proportionally.

5. The provisions of this Article are without prejudice to applicable Laws and regulations governing the rights of the parties to declare the framework contract unenforceable or void.

Article 56

Information before execution of individual payment transactions

1. In the case of an individual payment transaction under a framework contract initiated by the payer, a payment service provider shall, at the payer's request for this specific payment transaction, provide explicit information on all of the following:

1.1. the maximum execution time;

1.2. the charges payable by the payer;

1.3. where applicable, a breakdown of the amounts of any charges.

Article 57

Information for the payer on individual payment transactions

1. After the amount of an individual payment transaction is debited from the payer's account or, where the payer does not use a payment account, after receipt of the payment order, the payer's payment service provider shall provide the payer, without undue delay and in the

same way as laid down in paragraph 1 of Article 51 of this Law, with all of the following information:

- 1.1. a reference enabling the payer to identify each payment transaction and, where appropriate, information relating to the payee;
 - 1.2. the amount of the payment transaction in the currency in which the payer's payment account is debited or in the currency used for the payment order;
 - 1.3. the amount of any charges for the payment transaction and, where applicable, a breakdown of the amounts of such charges, or the interest payable by the payer;
 - 1.4. where applicable, the exchange rate used in the payment transaction by the payer's payment service provider, and the amount of the payment transaction after that currency conversion;
 - 1.5. the debit value date or the date of receipt of the payment order.
2. A framework contract shall include a condition that the payer may require the information referred to in paragraph 1 to be provided or made available periodically, at least once a month, free of charge and in an agreed manner which allows the payer to store and reproduce information unchanged.
3. The payment service providers shall provide information referred to in paragraph 1 of this Article, on paper or on another durable medium at least once a month, free of charge.

Article 58

Information for the payee on individual payment transactions

1. After the execution of an individual payment transaction, the payee's payment service provider shall provide the payee without undue delay in the same way as laid down in paragraph 1 of Article 51 of this Law, with all of the following information:
- 1.1. a reference enabling the payee to identify the payment transaction and the payer, and any information transferred with the payment transaction;
 - 1.2. the amount of the payment transaction in the currency in which the payee's payment account is credited;
 - 1.3. the amount of any charges for the payment transaction and, where applicable, a breakdown of the amounts of such charges, or the interest payable by the payee;
 - 1.4. where applicable, the exchange rate used in the payment transaction by the payee's payment service provider, and the amount of the payment transaction before

that currency conversion;

1.5. the credit value date.

2. A framework contract may include a condition that the information referred to in paragraph 1 of this Article is to be provided or made available periodically, at least once a month and in an agreed manner which allows the payee to store and reproduce information unchanged.

3. The payment service providers shall provide information referred to in paragraph 1 of this Article, on paper or on another durable medium at least once a month, free of charge.

CHAPTER IV GENERAL PROVISIONS

Article 59 Currency and currency conversion

1. Payments shall be made in the currency agreed between the parties.

2. Where a currency conversion service is offered prior to the initiation of the payment transaction and where that currency conversion service is offered at an ATM, at the point of sale or by the payee, the party offering the currency conversion service to the payer shall disclose to the payer all charges as well as the exchange rate to be used for converting the payment transaction.

2.1. the payer shall agree to the currency conversion service on that basis.

Article 60 Information on additional charges or reductions offered

1. Where, for the use of a given payment instrument, the payee requests a charge or offers a reduction, the payee shall inform the payer thereof prior to the initiation of the payment transaction.

2. Where, for the use of a given payment instrument, the payment service provider or another party involved in the transaction requests a charge, it shall inform the payment service user thereof prior to the initiation of the payment transaction.

3. The payer shall only be obliged to pay for the charges referred to in paragraphs 1 and 2 of this Article if their full amount was made known prior to the initiation of the payment transaction.

SECTION IV
RIGHTS AND OBLIGATIONS IN RELATION TO THE PROVISION AND USE OF
PAYMENT SERVICES

CHAPTER I
GENERAL PROVISIONS

Article 61
Scope

1. Where the payment service user is not a consumer, the payment service user and the payment service provider may agree that paragraph 1 of Article 62, paragraph 3 of Article 64 and Articles 72, 74, 76, 77, 80 and 89 of this Law, do not apply in whole or in part. The payment service user and the payment service provider may also agree on time limits that are different from those laid down in Article 71 of this Law.
2. Article 122 of this Law, does not apply where the payment service user is not a consumer.
3. The provisions in this Section are applied to microenterprises in the same way as to consumers.
4. This Law shall be without prejudice to other relevant legal or regulatory provisions regarding conditions for granting credit to consumers.

Article 62
Charges applicable

1. The payment service provider shall not charge the payment service user for fulfilment of its information obligations or corrective and preventive measures under this Section, unless otherwise specified in paragraph 1 of Article 79, paragraph 5 of Article 80, and paragraph 2 of Article 88 of this Law.
 - 1.1. those charges shall be agreed between the payment service user and the payment service provider and shall be appropriate and in line with the payment service provider's actual costs.
2. For payment transactions provided within the Republic Kosovo, when both the payer's and the payee's payment service providers are, or the sole payment service provider in the payment transaction is, located in the country, the payee pays the charges levied by his payment service provider, and the payer pays the charges levied by his payment service provider, unless otherwise determined by the rules of the system or certain payment schemes.
3. The payment service provider shall not prevent the payee from requesting from the payer

a charge, offering him a reduction or otherwise steering him towards the use of a given payment instrument.

3.1. any charges applied shall not exceed the direct costs borne by the payee for the use of the specific payment instrument.

4. In any case, the payee shall not request charges for the use of payment instruments for which interchange fees are regulated in accordance with Article 99 of this Law, and for credit transfer and direct debit transactions denominated in euro within the Republic of Kosovo where both the payer's payment service provider and the payee's payment service provider are located in Kosovo, or where the sole payment service provider involved in the payment transaction is located in the Kosovo.

5. The CBK may, for a specific payment instrument, prohibit or limit the right of the payee to request charges taking into account the need to encourage competition and promote the use of efficient payment instruments.

6. The CBK may regulate the level of fees to be charged by payment service providers to payment service users for SEPA payment transactions for the purpose of encouraging competition and/or promoting SEPA payments.

Article 63

Derogation for low value payment instruments and electronic money

1. In the cases of payment instruments which, according to the framework contract, solely concern individual payment transactions not exceeding thirty euros (30€) or which either have a spending limit of one hundred and fifty euros (150€), or store funds which do not exceed one hundred and fifty euros (150€) at any time, payment service providers may agree with their payment service users that:

1.1. sub-paragraph 1.2 of Article 69, sub-paragraphs 1.3. and 1.4 of Article 70 and paragraph 6 of Article 74 of this Law do not apply if the payment instrument does not allow its blocking or prevention of its further use;

1.2. Articles 72 and 73, and paragraphs 1 to 4 and 6 of Article 74 of this Law, do not apply if the payment instrument is used anonymously or the payment service provider is not in a position for other reasons which are intrinsic to the payment instrument to prove that a payment transaction was authorized;

1.3. by way of derogation from paragraph 1 of Article 79 of this Law, the payment service provider is not required to notify the payment service user of the refusal of a payment order, if the non-execution is apparent from the context;

1.4. by way of derogation from Article 80 of this Law, the payer may not revoke the

payment order after transmitting the payment order or giving consent to execute the payment transaction to the payee;

1.5 by way of derogation from Articles 83 and 84 of this Law, other execution periods apply;

1.6. for national payment transactions, CBK may reduce or double the amounts referred to in paragraph 1 of this Article. The CBK may increase them for prepaid payment instruments up to five hundred euros (500€).

1.7. Articles 73 and 74 of this Law shall apply also to electronic money, except where the payer's payment service provider does not have the ability to freeze the payment account on which the electronic money is stored or block the payment instrument.

1.8. CBK may limit this derogation to payment accounts on which the electronic money is stored or to payment instruments of a certain value.

CHAPTER II AUTHORIZATION OF PAYMENT TRANSACTIONS

Article 64 Consent and withdrawal of consent

1. A payment transaction is considered to be authorized only if the payer has given consent to execute the payment transaction.

1.1. a payment transaction may be authorized by the payer prior to or, if agreed between the payer and the payment service provider, after the execution of the payment transaction;

1.2. consent to execute a payment transaction or a series of payment transactions shall be given in the form agreed between the payer and the payment service provider;

1.3. consent to execute a payment transaction may also be given via the payee or the payment initiation service provider;

1.4. in the absence of consent, a payment transaction shall be considered to be unauthorized.

2. Consent may be withdrawn by the payer at any time, but no later than at the moment of irrevocability in accordance with Article 80 of this Law.

2.1. consent to execute a series of payment transactions may also be withdrawn, in

which case any future payment transaction shall be considered to be unauthorized.

3. The procedure for giving consent shall be agreed between the payer and the relevant payment service provider(s).

Article 65 **Confirmation on the availability of funds**

1. An account servicing payment provider shall, upon the request of a payment service provider issuing card-based payment instruments, immediately confirm whether an amount necessary for the execution of a card-based payment transaction is available on the payment account of the payer, provided that all of the following conditions are met:

1.1. the payment account of the payer is accessible online at the time of the request;

1.2. the payer has given explicit consent to the account servicing payment service provider to respond to requests from a specific payment service provider to confirm that the amount corresponding to a certain card-based payment transaction is available on the payer's payment account;

1.3. the consent referred to in sub-paragraph 1.2 of this Article, has been given before the first request for confirmation is made.

2. The payment service provider may request the confirmation referred to in paragraph 1 of this Article, where all of the following conditions are met:

2.1. the payer has given explicit consent to the payment service provider to request the confirmation referred to in paragraph 1 of this Article;

2.2. the payer has initiated the card- based payment transaction for the amount in question using a card-based payment instrument issued by the payment service provider;

2.3. the payment service provider authenticates itself towards the account servicing payment service provider before each confirmation request, and securely communicates with the account servicing payment provider in accordance with sub-paragraph 1.4 of Article 98 of this Law.

3. The confirmation referred to in paragraph 1 of this Article shall consist only in a simple 'yes' or 'no' answer and not in a statement of the account balance, and that answer shall not be stored or used for purposes other than for the execution of the card- based payment transaction.

4. The confirmation referred to in paragraph 1 of this Article shall not allow for the account

servicing payment service provider to block funds on the payer's payment account.

5. The payer may request the account servicing payment service provider to communicate to the payer the identification of the payment service provider and the answer provided.

6. This Article does not apply to payment transactions initiated through card-based payment instruments on which electronic money is stored.

Article 66

Rules on access to payment account in the case of payment initiation services

1. A payer has the right to make use of a payment initiation service provider to obtain payment initiation services.

1. the right to make use of a payment initiation service provider shall not apply where the payment account is not accessible online.

2. When the payer gives its explicit consent for a payment to be executed in accordance with Article 64 of this Law, the account servicing payment provider shall perform the actions specified in paragraph 4 of this Article in order to ensure the payer's right to use the payment initiation service.

3. The payment initiation service provider shall:

3.1. not hold at any time the payer's funds in connection with the provision of the payment initiation service;

3.2. ensure that the personalized security credentials of the payment service user are not, with the exception of the user and the issuer of the personalized security credentials, accessible to other parties and that they are transmitted by the payment initiation service provider through safe and efficient channels;

3.3. ensure that any other information about the payment service user, obtained when providing payment initiation services, is only provided to the payee and only with the payment service user's explicit consent;

3.4. every time a payment is initiated, identify itself towards the account servicing payment provider of the payer and communicate with the account servicing payment provider, the payer and the payee in a secure way, in accordance with sub-paragraph 1.4 of Article 98 of this Law;

3.5. not store sensitive payment data of the payment service user;

3.6. not request from the payment service user any data other than those necessary

to provide the payment initiation service;

3.7. not use, access or store any data for purposes other than for the provision of the payment initiation service as explicitly requested by the payer;

3.8. not modify the amount, the payee or any other feature of the transaction.

4. The account servicing payment provider shall:

4.1. communicate securely with payment initiation service providers in accordance with sub-paragraph 1.4 of Article 98 of this Law;

4.2. immediately after receipt of the payment order from a payment initiation service provider, provide or make available all information on the initiation of the payment transaction and all information accessible to the account servicing payment provider regarding the execution of the payment transaction to the payment initiation service provider;

4.3. treat payment orders transmitted through the services of a payment initiation service provider without any discrimination other than for objective reasons, in particular in terms of timing, priority or charges vis-à-vis payment orders transmitted directly by the payer.

5. The provision of payment initiation services shall not be dependent on the existence of a contractual relationship between the payment initiation service providers and the account servicing payment providers for that purpose.

Article 67

Rules on access to and use of payment account information in the case of account information services

1. A payment service user has the right to make use of account information services, except where the payment account is not accessible online.

2. The account information service provider shall:

2.1. provide services only where based on the payment service user's explicit consent;

2.2. ensure that the personalized security credentials of the payment service user are not, with the exception of the user and the issuer of the personalized security credentials, accessible to other parties and that when they are transmitted by the account information service provider, this is done through safe and efficient channels;

- 2.3. for each communication session, identify itself towards the account servicing payment provider(s) of the payment service user and securely communicate with the account servicing payment provider(s) and the payment service user, in accordance with sub-paragraph 1.4 of Article 98 of this Law;
 - 2.4. access only the information from designated payment accounts and associated payment transactions;
 - 2.5. not request sensitive payment data linked to the payment accounts;
 - 2.6. not use, access or store any data for purposes other than for performing the account information service explicitly
 - 2.7. requested by the payment service user, in accordance with data protection rules.
3. In relation to payment accounts, the account servicing payment provider shall:
- 3.1. communicate securely with the account information service providers in accordance with sub-paragraph 1.4 of Article 98 of this Law; and
 - 3.2. treat data requests transmitted through the services of an account information service provider without any discrimination for other than objective reasons.
4. The provision of account information services shall not be dependent on the existence of a contractual relationship between the account information service providers and the account servicing payment providers for that purpose.

Article 68

Limits of the use of the payment instrument and of the access to payment accounts by payment service providers

1. Where a specific payment instrument is used for the purposes of giving consent, the payer and the payer's payment service provider may agree on spending limits for payment transactions executed through that payment instrument.
2. If agreed in the framework contract, the payment service provider may reserve the right to block the payment instrument for objectively justified reasons relating to the security of the payment instrument, the suspicion of unauthorized or fraudulent use of the payment instrument or, in the case of a payment instrument with a credit line, a significantly increased risk that the payer may be unable to fulfil its liability to pay.
3. In such cases the payment service provider shall inform the payer of the blocking of the payment instrument and the reasons for it in an agreed manner, where possible, before the payment instrument is blocked and at the latest immediately thereafter, unless providing

such information would compromise objectively justified security reasons or is prohibited by Law.

4. The payment service provider shall unblock the payment instrument or replace it with a new payment instrument once the reasons for blocking no longer exist.

5. An account servicing payment provider may deny an account information service provider or a payment initiation service provider access to a payment account for objectively justified and duly evidenced reasons relating to unauthorized or fraudulent access to the payment account by that account information service provider or that payment initiation service provider, including the unauthorized or fraudulent initiation of a payment transaction.

5.1. in such cases the account servicing payment provider shall inform the payer that access to the payment account is denied and the reasons therefor in the form agreed;

5.2. that information shall, where possible, be given to the payer before access is denied and at the latest immediately thereafter, unless providing such information would compromise objectively justified security reasons or is prohibited by Law;

5.3. the account servicing payment provider shall allow access to the payment account once the reasons for denying access, according to point 5 of this Article, no longer exist.

6. In the cases referred to in paragraph 5 of this Article, the account servicing payment provider shall immediately report the incident relating to the account information service provider or the payment initiation service provider to the CBK.

6.1. the information shall include the relevant details of the case and the reasons for acting;

6.2. the CBK shall assess the case and shall, if necessary, take appropriate measures.

Article 69

Obligations of the payment service user in relation to payment instruments and personalized security credentials

1. The payment service user entitled to use a payment instrument shall:

1.1. use the payment instrument in accordance with the terms governing the issue and use of the payment instrument, which must be objective, non-discriminatory and proportionate;

1.2. notify the payment service provider, or the entity specified by the latter, without undue delay on becoming aware of the loss, theft, misappropriation or unauthorized use of the payment instrument.

2. For the purposes of sub-paragraph 1.1 of this Article, the payment service user shall, in particular, as soon as in receipt of a payment instrument, take all reasonable steps to keep its personalized security credentials safe.

Article 70

Obligations of the payment service provider in relation to payment instruments

1. The payment service provider issuing a payment instrument shall:

1.1. make sure that the personalized security credentials are not accessible to parties other than the payment service user that is entitled to use the payment instrument, without prejudice to the obligations on the payment service user set out in Article 69 of this Law;

1.2. refrain from sending an unsolicited payment instrument, except where a payment instrument already given to the payment service user is to be replaced;

1.3. ensure that appropriate means are available at all times to enable the payment service user to make a notification pursuant to sub-paragraph 1.2 of Article 69 of this Law, or to request unblocking of the payment instrument pursuant to paragraph 4 of Article 68 of this Law; on request, the payment service provider shall provide the payment service user with the means to prove, for eighteen (18) months after notification, that the payment service user made such a notification;

1.4. provide the payment service user with an option to make a notification pursuant to sub-paragraph 1.2 of Article 69 of this Law, free of charge and, if at all, only replacement costs directly attributed to the payment instrument;

1.5. prevent all use of the payment instrument once notification pursuant to sub-paragraph 1.2 of Article 69 of this Law has been made.

2. The payment service provider shall bear the risk of sending a payment instrument or any personalized security credentials relating to it to the payment service user.

Article 71

Notification and rectification of unauthorized or incorrectly executed payment transactions

1. The payment service user shall obtain rectification of an unauthorized or incorrectly executed payment transaction from the payment service provider only if the payment service

user notifies the payment service provider without undue delay on becoming aware of any such unauthorised payment transaction giving rise to a claim, including the cases under Article 89 of this Law, and no later than thirteen (13) months after the debit date.

1.1. the time limits for notification laid down in this paragraph do not apply where the payment service provider has failed to provide or make available the information on the payment transaction in accordance with the Section III of this Law.

2. Where a payment initiation service provider is involved, the payment service user shall obtain rectification from the account servicing payment provider pursuant to paragraph 1 of this Article, without prejudice to paragraph 2 of Article 73 and paragraph 1 of Article 89 of this Law.

Article 72

Evidence on authentication and execution of payment transactions

1. Where a payment service user denies having authorized an executed payment transaction or claims that the payment transaction was not correctly executed, it is for the payment service provider to prove that the payment transaction was authenticated, accurately recorded, entered in the accounts and not affected by a technical breakdown or some other deficiency of the service provided by the payment service provider.

1.1. if the payment transaction is initiated through a payment initiation service provider, the burden shall be on the payment initiation service provider to prove that within its sphere of competence, the payment transaction was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the payment service of which it is in charge.

2. Where a payment service user denies having authorized an executed payment transaction, the use of a payment instrument recorded by the payment service provider, including the payment initiation service provider as appropriate, shall in itself not necessarily be sufficient to prove either that the payment transaction was authorized by the payer or that the payer acted fraudulently or failed with intent or gross negligence to fulfil one or more of the obligations under Article 69 of this Law.

2.1. the payment service provider, including, where appropriate, the payment initiation service provider, shall provide supporting evidence to prove fraud or gross negligence on part of the payment service user.

Article 73

Payment service provider's liability for unauthorized payment transactions

1. Without prejudice to Article 71 of this Law, in the case of an unauthorized payment transaction, the payer's payment service provider shall refund the payer the amount of the

unauthorized payment transaction immediately, and in any event no later than by the end of the following business day, after noting or being notified of the transaction, except where the payer's payment service provider has reasonable grounds for suspecting fraud and communicates those grounds to the CBK in writing.

1.1. where applicable, the payer's payment service provider shall restore the debited payment account to the state in which it would have been had the unauthorized payment transaction not taken place;

1.2. this shall also ensure that the credit value date for the payer's payment account shall be no later than the date the amount had been debited.

2. Where the payment transaction is initiated through a payment initiation service provider, the account servicing payment provider shall refund immediately, and in any event no later than by the end of the following business day the amount of the unauthorized payment transaction and, where applicable, restore the debited payment account to the state in which it would have been had the unauthorized payment transaction not taken place.

2.1. if the payment initiation service provider is liable for the unauthorized payment transaction, it shall immediately compensate the account servicing payment service provider at its request for the losses incurred or sums paid as a result of the refund to the payer, including the amount of the unauthorized payment transaction;

2.2. in accordance with paragraph 1 of Article 72 of this Law, the burden shall be on the payment initiation service provider to prove that, within its sphere of competence, the payment transaction was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the payment service of which it is in charge.

3. Further financial compensation may be determined in accordance with the Law applicable to the contract concluded between the payer and the payment service provider or the contract concluded between the payer and the payment initiation service provider if applicable.

Article 74

Payer's liability for unauthorized payment transactions

1. By way of derogation from Article 73 of this Law, the payer may be obliged to bear the losses relating to any unauthorized payment transactions, up to a maximum of fifty euros (50€), resulting from the use of a lost or stolen payment instrument or from the misappropriation of a payment instrument.

2. Paragraph 1 of this Article shall not apply if:

2.1. the loss, theft or misappropriation of a payment instrument was not detectable to the payer prior to a payment, except where the payer has acted fraudulently; or

2.2. the loss was caused by acts or lack of action of an employee, agent or branch of a payment service provider or of an entity to which its activities were outsourced.

3. The payer shall bear all of the losses relating to any unauthorized payment transactions if they were incurred by the payer acting fraudulently or failing to fulfil one or more of the obligations set out in Article 69 of this Law, with intent or gross negligence. In such cases, the maximum amount referred to in paragraph 1 of this Article shall not apply.

4. In cases where the payer has neither acted fraudulently nor intentionally failed to fulfil its obligations under Article 69 of this Law, the CBK may establish by a regulation a reduction in the liability referred to in paragraph 1 of this Article, considering, in particular, the nature of the personalized security credentials and the specific circumstances under which the payment instrument was lost, stolen or misappropriated.

5. Where the payer's payment service provider does not require strong customer authentication, the payer shall not bear any financial losses unless the payer has acted fraudulently.

5.1. where the payee or the payment service provider of the payee fails to accept strong customer authentication, it shall refund the financial damage caused to the payer's payment service provider.

6. The payer shall not bear any financial consequences resulting from use of the lost, stolen or misappropriated payment instrument after notification in accordance with sub-paragraph 1.2 of Article 69 of this Law, except where the payer has acted fraudulently.

6.1. if the payment service provider does not provide appropriate means for the notification at all times of a lost, stolen or misappropriated payment instrument, as required under sub-paragraph 1.3. of Article 70 of this Law, the payer shall not be liable for the financial consequences resulting from use of that payment instrument, except where the payer has acted fraudulently.

Article 75

Payment transactions where the transaction amount is not known in advance

1. Where a payment transaction is initiated by or through the payee in the context of a card-based payment transaction and the exact amount is not known at the moment when the payer gives consent to execute the payment transaction, the payer's payment service provider may block funds on the payer's payment account only if the payer has given consent to the exact amount of the funds to be blocked.

2. The payer's payment service provider shall release the funds blocked on the payer's payment account under paragraph 1 of this Article, without undue delay after receipt of the information about the exact amount of the payment transaction and at the latest immediately after receipt of the payment order.

Article 76

Refunds for payment transactions initiated by or through a payee

1. A payer is entitled to a refund from the payment service provider of an authorized payment transaction which was initiated by or through a payee and which has already been executed, if both of the following conditions are met:

1.1. the authorization did not specify the exact amount of the payment transaction when the authorization was made; and

1.2. the amount of the payment transaction exceeded the amount the payer could reasonably have expected taking into account the previous spending pattern, the conditions in the framework contract and relevant circumstances of the case.

2. At the payment service provider's request, the payer shall bear the burden of proving that the conditions in the previous paragraph are met.

3. The refund shall consist of the full amount of the executed payment transaction.

3.1. the credit value date for the payer's payment account shall be no later than the date the amount was debited;

3.2. without prejudice to paragraph 5 of this Article, in addition to the right referred to in paragraph 1 of this Article, for direct debits, the payer has an unconditional right to a refund within the time limits laid down in Article 77 of this Law.

4. For the purposes of sub-paragraph 1.2 of this Article, the payer shall not rely on currency exchange reasons if the reference exchange rate agreed with its payment service provider in accordance with subparagraph 1.4 of Article 45 and sub-subparagraph 1.3.2 of Article 52 of this Law, was applied.

5. It may be agreed in a framework contract between the payer and the payment service provider that the payer has no right to a refund where:

5.1. the payer has given consent to execute the payment transaction directly to the payment service provider; and

5.2. where applicable, information on the future payment transaction was provided or made available in an agreed manner to the payer for at least 4 weeks before the due

date by the payment service provider or by the payee.

6. For direct debits in currencies other than euro, the CBK may require through sub-legal acts that the payment service providers offer more favourable refund rights in accordance with the relevant direct debit schemes provided that they are more advantageous to the payer.

Article 77

Requests for refunds for payment transactions initiated by or through a payee

1. The payer can request the refund referred to in Article 76 of this Law, of an authorized payment transaction initiated by or through a payee for a period of 8 weeks from the date on which the funds were debited.

2. Within 10 business days of receiving a request for a refund, the payment service provider shall either refund the full amount of the payment transaction or provide a justification for refusing the refund and indicate the bodies to which the payer may refer the matter in accordance with Articles 120 to 122 of this Law, if the payer does not accept the reasons provided.

3. The payment service provider's right under the previous paragraph to refuse the refund shall not apply in the case set out in sub-paragraph 3.2 of Article 76 of this Law.

CHAPTER III

EXECUTION OF PAYMENT TRANSACTIONS

SUB-CHAPTER I

PAYMENT ORDERS AND AMOUNTS TRANSFERRED

Article 78

Receipt of payment orders

1. The time of receipt of a payment order is when the payment order is received by the payer's payment service provider.

1.1. the payer's account shall not be debited before receipt of the payment order;

1.2. if the time of receipt is not on a business day for the payer's payment service provider, the payment order shall be deemed to have been received on the following business day;

1.3. the payment service provider may establish a cut-off time near the end of a business day beyond which any payment order received shall be deemed to have been received on the following business day.

2. If the payment service user initiating a payment order and the payment service provider agree that execution of the payment order shall start on a specific day or at the end of a certain period or on the day on which the payer has put funds at the payment service provider's disposal, the time of receipt for the purposes of Article 83 of this Law, is deemed to be the agreed day.

2.1. if the agreed day is not a business day for the payment service provider, the payment order received shall be deemed to have been received on the following business day.

Article 79

Refusal of payment orders

1. Where the payment service provider refuses to execute a payment order or to initiate a payment transaction, the refusal and, if possible, the reasons for it and the procedure for correcting any factual mistakes that led to the refusal shall be notified to the payment service user, unless prohibited by Law.

1.1. the payment service provider shall provide or make available the notification in an agreed manner at the earliest opportunity, and in any case, within the periods specified in Article 83 of this Law;

1.2. the framework contract may include a condition that the payment service provider may charge a reasonable fee for such a refusal if the refusal is objectively justified.

2. Where all of the conditions set out in the payer's framework contract are met, the payer's account servicing payment provider shall not refuse to execute an authorized payment order irrespective of whether the payment order is initiated by a payer, including through a payment initiation service provider, or by or through a payee, unless prohibited by Law.

3. For the purposes of Articles 83 and 89 of this Law, a payment order for which execution has been refused shall be deemed not to have been received.

Article 80

Irrevocability of payment orders

1. The payment service user shall not revoke a payment order once it has been received by the payer's payment service provider, unless otherwise specified in this Article.

2. Where the payment transaction is initiated by a payment initiation service provider or by or through the payee, the payer shall not revoke the payment order after giving consent to the payment initiation service provider to initiate the payment transaction or after giving

consent to execute the payment transaction to the payee.

3. However, in the case of a direct debit and without prejudice to refund rights the payer may revoke the payment order at the latest by the end of the business day preceding the day agreed for debiting the funds.

4. In the case referred to in paragraph 2 of Article 78 of this Law, the payment service user may revoke a payment order at the latest by the end of the business day preceding the agreed day.

5. After the time limits laid down in paragraphs 1 to 4 of this Article, the payment order may be revoked only if agreed between the payment service user and the relevant payment service providers. In the case referred to in paragraphs 2 and 3 of this Article, the payee's agreement shall also be required. If agreed in the framework contract, the relevant payment service provider may charge for revocation.

Article 81

Amounts transferred and received

1. The payment service provider(s) of the payer and of the payee and any intermediaries of the payment service providers shall transfer the full amount of the payment transaction and refrain from deducting charges from the amount transferred.

2. However, the payee and the payment service provider may agree that the relevant payment service provider deduct its charges from the amount transferred before crediting it to the payee. In such a case, the full amount of the payment transaction and charges shall be separated in the information given to the payee.

3. If any charges other than those referred to in paragraph 2 of this Article, are deducted from the amount transferred, the payment service provider of the payer shall ensure that the payee receives the full amount of the payment transaction initiated by the payer. Where the payment transaction is initiated by or through the payee, the payment service provider of the payee shall ensure that the full amount of the payment transaction is received by the payee.

SUB-CHAPTER II

EXECUTION TIME AND VALUE DATE

Article 82

Scope

1. This Subchapter applies to payment transactions in euro.

2. This Subchapter applies to payment transactions other than transactions in euro unless otherwise agreed between the payment service user and the payment service provider, with

the exception of Article 87 of this Law, which is not at the disposal of the parties.

2.1. however, if the payment service user and the payment service provider agree on a longer period than that set in Article 83 of this Law, for payment transactions between Kosovo and European Union Members States, that period shall not exceed 4 business days following the time of receipt as referred to in Article 78 of this Law.

Article 83

Payment transactions to a payment account

1. The payer's payment service provider shall ensure that after the time of receipt as referred to in Article 78 of this Law, the amount of the payment transaction will be credited to the payee's payment service provider's account by the end of the following business day.

1.1. the time limit may be extended by a further business day for paper-initiated payment transactions.

2. The payment service provider of the payee shall value date and make available the amount of the payment transaction to the payee's payment account after the payment service provider has received the funds in accordance with Article 87 of this Law.

3. The payee's payment service provider shall transmit a payment order initiated by or through the payee to the payer's payment service provider within the time limits agreed between the payee and the payment service provider, enabling settlement, as far as direct debit is concerned, on the agreed due date.

Article 84

Absence of a payee's payment account

Where the payee does not have a payment account with the payment service provider who receives the funds for the payee, those funds shall be made available to the payee by the payment service provider within the time limit laid down in Article 83 of this Law.

Article 85

Cash placed on a payment account

1. Where a consumer places cash on a payment account with that payment service provider in the currency of that payment account, the payment service provider shall ensure that the amount is made available and value dated immediately after receipt of the funds.

2. Where the payment service user is not a consumer, the amount shall be made available and value dated at the latest on the following business day after receipt of the funds.

Article 86
National payment transactions

For national payment transactions, the CBK may provide for shorter maximum execution times than those provided for in this Subchapter.

Article 87
Value date and availability of funds

1. The credit value date for the payee's payment account shall not be later than the business day on which the amount of the payment transaction is credited to the payee's payment service provider's account.
2. The payment service provider of the payee shall ensure that the amount of the payment transaction is at the payee's disposal immediately after that amount is credited to the payee's payment service provider's account where, on the part of the payee's payment service provider there is no currency conversion.
3. The obligation laid down in the previous paragraph shall also apply to payments within one payment service provider.
4. The debit value date for the payer's payment account is no earlier than the time at which the amount of the payment transaction is debited to that payment account.

SUB-CHAPTER III
LIABILITY

Article 88
Incorrect unique identifier

1. If a payment order is executed in accordance with the unique identifier, the payment order shall be deemed to have been executed correctly with regard to the payee specified by the unique identifier.
2. If the unique identifier provided by the payment service user is incorrect, the payment service provider shall not be liable under Article 89 of this Law, for non-execution or defective execution of the payment transaction.
3. However, the payer's payment service provider shall make reasonable efforts to recover the funds involved in the payment transaction, and the payee's payment service provider shall cooperate in those efforts also by communicating to the payer's payment service provider all relevant information for the collection of funds.

4. In the event that the collection of funds under the previous paragraph is not possible, the payer's payment service provider shall provide to the payer, upon written request, all information available to the payer's payment service provider and relevant to the payer in order for the payer to file a legal claim to recover the funds.

5. If agreed in the framework contract, the payment service provider may charge the payment service user for recovery.

6. If the payment service user provides information in addition to that specified in subparagraph 1.1 of Article 45 of this Law, or sub-subparagraph 1.2.2. of Article 52 of this Law, the payment service provider shall be liable only for the execution of payment transactions in accordance with the unique identifier provided by the payment service user.

Article 89

Payment service providers' liability for non-execution, defective or late execution of payment transactions

1. Where a payment order is initiated directly by the payer, the payer's payment service provider shall, without prejudice to Article 71, paragraphs 2, 3 and 4 of Article 88 and Article 93 of this Law, be liable to the payer for correct execution of the payment transaction, unless it can prove to the payer and, where relevant, to the payee's payment service provider that the payee's payment service provider received the amount of the payment transaction in accordance with paragraph 1 of Article 83 of this Law. In that case, the payee's payment service provider shall be liable to the payee for the correct execution of the payment transaction.

1.1. where the payer's payment service provider is liable under paragraph 1 of this Article, it shall, without undue delay, refund to the payer the amount of the non-executed or defective payment transaction, and, where applicable, restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place;

1.1.1. the credit value date for the payer's payment account shall be no later than the date on which the amount was debited.

1.2. where the payee's payment service provider is liable under the paragraph 1 of this Article, it shall immediately place the amount of the payment transaction at the payee's disposal and, where applicable, credit the corresponding amount to the payee's payment account;

1.2.1. the credit value date for the payee's payment account shall be no later than the date on which the amount would have been value dated, had the transaction been correctly executed in accordance with Article 87 of this Law.

1.3. where a payment transaction is executed late, the payee's payment service provider shall ensure, upon the request of the payer's payment service provider acting on behalf of the payer, that the credit value date for the payee's payment account is no later than the date the amount would have been value dated had the transaction been correctly executed;

1.4. in the case of a non-executed or defectively executed payment transaction where the payment order is initiated by the payer, the payer's payment service provider shall, regardless of liability under this paragraph 1 of this Article, on request, make immediate efforts to trace the payment transaction and notify the payer of the outcome. This shall be free of charge for the payer.

2. Where a payment order is initiated by or through the payee, the payee's payment service provider shall, without prejudice to Article 71, paragraphs 2, 3 and 4 of Article 88 and Article 93 of this Law, be liable to the payee for correct transmission of the payment order to the payment service provider of the payer in accordance with paragraph 3 of Article 83 of this Law.

2.1. where the payee's payment service provider is liable under paragraph 2 of this Article, it shall immediately re-transmit the payment order in question to the payment service provider of the payer;

2.2. in the case of a late transmission of the payment order, the amount shall be value dated on the payee's payment account no later than the date the amount would have been value dated had the transaction been correctly executed;

2.3. in addition, the payment service provider of the payee shall, without prejudice to Article 71, paragraphs 2, 3 and 4 of Article 88 and Article 93 of this Law, be liable to the payee for handling the payment transaction in accordance with its obligations under Article 87 of this Law.

2.3.1. where the payee's payment service provider is liable under this subparagraph 2.3, it shall ensure that the amount of the payment transaction is at the payee's disposal immediately after that amount is credited to the payee's payment service provider's account;

2.3.2. the amount shall be value dated on the payee's payment account no later than the date the amount would have been value dated had the transaction been correctly executed.

2.4. in the case of a non-executed or defectively executed payment transaction for which the payee's payment service provider is not liable under the previous subparagraphs, the payer's payment service provider shall be liable to the payer;

2.4.1. where the payer's payment service provider is so liable it shall, as appropriate and without undue delay, refund to the payer the amount of the non-executed or defective payment transaction and restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place;

2.4.2. the credit value date for the payer's payment account shall be no later than the date the amount was debited.

2.5. the obligation under sub-paragraph 2.4 of this Law shall not apply to the payer's payment service provider where the payer's payment service provider proves that the payee's payment service provider has received the amount of the payment transaction, even if execution of payment transaction is merely delayed. If so, the payee's payment service provider shall value date the amount on the payee's payment account no later than the date the amount would have been value dated had it been executed correctly;

2.6. in the case of a non-executed or defectively executed payment transaction where the payment order is initiated by or through the payee, the payee's payment service provider shall, regardless of liability under paragraph 2 of this Article, on request, make immediate efforts to trace the payment transaction and notify the payee of the outcome. This shall be free of charge for the payee.

3. In addition, payment service providers shall be liable to their respective payment service users for any charges for which they are responsible, and for any interest to which the payment service user is subject as a consequence of non-execution or defective, including late, execution of the payment transaction.

Article 90

Liability in the case of payment initiation services for non-execution, defective or late execution of payment transactions

1. Where a payment order is initiated by the payer through a payment initiation service provider, the account servicing payment provider shall, without prejudice to Article 71 and paragraphs 2, 3 and 4 of Article 88 of this Law, refund to the payer the amount of the non-executed or defective payment transaction and, where applicable, restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place.

1.1. the burden shall be on the payment initiation service provider to prove that the payment order was received by the payer's account servicing payment provider in accordance with Article 78 of this Law and that within its sphere of competence the payment transaction was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the non-execution, defective or late

execution of the transaction.

2. If the payment initiation service provider is liable for the non-execution, defective or late execution of the payment transaction, it shall immediately compensate the account servicing payment provider at its request for the losses incurred or sums paid as a result of the refund to the payer.

Article 91

Additional financial compensation

This Subchapter is without prejudice to any additional financial compensation determined in accordance with the Law applicable to the contract concluded between the payment service user and the payment service provider.

Article 92

Right of recourse

1. Where the liability of a payment service provider under Articles 73 and 89 of this Law, is attributable to another payment service provider or to an intermediary, that payment service provider or intermediary shall compensate the first payment service provider for any losses incurred or sums paid under Articles 73 and 89 of this Law. That shall include compensation where any of the payment service providers fail to use strong customer authentication.

2. Further financial compensation may be determined in accordance with agreements between payment service providers and/or intermediaries and the Law applicable to the agreement concluded between them.

Article 93

Abnormal and unforeseeable circumstances

No liability shall arise under Chapters II or III in cases of abnormal and unforeseeable circumstances beyond the control of the party pleading for the application of those circumstances, the consequences of which would have been unavoidable despite all efforts to the contrary, or where a payment service provider is bound by other legal obligations.

CHAPTER IV

DATA PROTECTION

Article 94

Processing of personal data

1. The payment systems and payment service providers may process personal data when, and in the extent, necessary to safeguard the prevention, investigation and detection of payment fraud.

2. The processing of personal data for the purposes of this Law shall be carried out in accordance with the applicable legal provisions.

3. Payment service providers shall only access, process and retain personal data necessary for the provision of their payment services, with the permission of the payment service user.

CHAPTER V OPERATIONAL AND SECURITY RISKS AND AUTHENTICATION

Article 95

Management of operational and security risks

1. Payment service providers shall establish a framework with appropriate mitigation measures and control mechanisms to manage the operational and security risks, relating to the payment services they provide.

1.1. as part of that framework, payment service providers shall establish and maintain effective incident management procedures, including for the detection and classification of major operational and security incidents.

2. The payment service providers shall provide to the CBK on an annual basis, or at shorter intervals as determined by the CBK, an updated and comprehensive assessment of the operational and security risks relating to the payment services they provide and on the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

3. The CBK shall establish regulation, rules and guidelines for the adequate application of this Article. Such sub-legal acts shall be aligned with regulatory technical standards adopted under Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015, or similar rules or guidelines officially adopted by the European Union under an Act superseding, replacing or complementing said Directive.

Article 96

Incident reporting

1. In the case of a major operational or security incident, payment service providers shall, without undue delay, notify the CBK.

2. Where the incident has or may have an impact on the financial interests of its payment service users, the payment service provider shall, without undue delay, inform its payment service users of the incident and of all measures that they can take to mitigate the adverse effects of the incident.

3. Upon receipt of the notification referred to in paragraph 1 of this Article, the CBK shall,

after assessing the relevance of the incident to relevant public authorities, notify them accordingly, and, where appropriate, take all of the necessary measures to protect the immediate safety of the financial system.

4. The payment service providers shall provide, in such a manner and periodicity as prescribed by the CBK, and at least on an annual basis, statistical data on fraud relating to the different payment services and payment instruments.

5. The CBK shall establish the regulatory measures, rules and guidelines for the adequate application of this Article.

Article 97

Authentication

1. Payment service providers shall apply strong customer authentication where the payer:

1.1. accesses its payment account online;

1.2. initiates an electronic payment transaction;

1.3. carries out any action through a remote channel which may imply a risk of payment fraud or other abuses.

2. With regard to the initiation of electronic payment transactions as referred to in subparagraph 1.2 of paragraph 1 of this Article, for electronic remote payment transactions, the payment service providers shall apply strong customer authentication that includes elements which dynamically link the transaction to a specific amount and a specific payee.

3. With regard to paragraph 1 of this Article, payment service providers shall have in place adequate security measures to protect the confidentiality and integrity of payment service users' personalized security credentials.

4. Paragraphs 2 and 3 of this Article, shall also apply where payments are initiated through a payment initiation service provider. Paragraphs 1 and 3 of this Article, shall also apply when the information is requested through an account information service provider.

5. The account servicing payment provider shall allow the payment initiation service provider and the account information service provider to rely on the authentication procedures provided by it to the payment service user in accordance with paragraphs 1 and 3 of this Article and, where the payment initiation service provider is involved, in accordance with paragraphs 1, 2 and 3 of this Article.

Article 98

Rules and standards on authentication, communication and access interfaces

1. The CBK shall establish the regulatory measures, rules and guidelines on authentication, communication and access interfaces. Such regulatory measures, rules and guidelines must take into consideration, and be aligned with, any regulatory technical standards adopted by the European Commission under Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015, or similar rules or guidelines officially adopted by the European Union under an Act superseding, replacing or complementing said Directive. This includes:

1.1. the requirements of the strong customer authentication referred to in paragraphs 1 and 2 of Article 97 of this Law;

1.2. the exemptions from the application of paragraphs 1, 2 and 3 of Article 97 of this Law, based on the criteria established in paragraph 3 of this Article;

1.3. the requirements with which security measures have to comply, in accordance with paragraph 3 of Article 97 of this Law, in order to protect the confidentiality and the integrity of the payment service users' personalized security credentials; and

1.4. the requirements for common and secure open standards for access interfaces and for communication for the purpose of identification, authentication, notification, and information, as well as for the implementation of security measures, between account servicing payment providers, payment initiation service providers, account information service providers, payers, payees and other payment service providers.

2. The regulatory measures, rules and guidelines referred to in paragraph 1 of this Article, shall be developed by the CBK in order to:

2.1. ensure an appropriate level of security for payment service users and payment service providers, through the adoption of effective and risk-based requirements;

2.2. ensure the safety of payment service users' funds and personal data;

2.3. secure and maintain fair competition among all payment service providers;

2.4. ensure technology and business- model neutrality;

2.5. allow for the development of user- friendly, accessible and innovative payment services, payment instruments and any means of payment.

3. The exemptions referred to in sub-paragraph 1.2 above shall be based on the following criteria:

- 3.1. level of risk involved in the service provided;
- 3.2. the amount, the recurrence of the transaction, or both;
- 3.3. the payment channel used for the execution of the transaction.

4. The CBK shall review and, if appropriate, update the regulatory technical standards on a regular basis in order, inter alia, to take account of innovation and technological developments as well as any developments concerning the European Union standards, rules and Acts referred to in paragraph 1.

CHAPTER VI

RULES FOR CARD-BASED PAYMENT TRANSACTIONS

Article 99

Rules for card-based payment transactions

1. The CBK is granted the powers to regulate and lay down uniform technical and business requirements for card-based payment transactions carried out in the Republic of Kosovo, where both the payer's payment service provider and the payee's payment service provider are located therein.
2. For the purposes of paragraph 1 of this Article, the CBK shall take into consideration, and be aligned with, the relevant rules adopted by the European Union, and explicitly Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015, or any rules issued under such Regulation or any Act superseding, replacing or complementing said Regulation.
3. Furthermore, and within the context and for the purposes of paragraph 2 of this Article, the CBK may issue rules and requirements under paragraph 1 of this Article, or extend such rules and requirements, for the portion of the card-based transactions carried out in the Republic of Kosovo, where such transactions are executed between a payment service provider located in the country and a payment service provider located within the European Union. Any rules issued under this paragraph shall be limited to the objective of assuring alignment of Kosovo's legal and regulatory framework with European Union's rules.
4. Under paragraphs 1 and 3 above, and without prejudice of other competences granted under this Law or other applicable Laws, the CBK may regulate the following:
 - 4.1. maximum amounts or maximum percentages applicable to interchange fees for consumer debit card transactions;
 - 4.2. maximum amounts or maximum percentages for interchange fees for consumer credit card transactions;

4.3. prohibition of circumvention regarding the application of interchange fees and surcharges;

4.4. business rules, namely, explicitly regarding:

4.4.1. functional separation of payment card schemes and processing entities;

4.4.2. co-badging and choice of payment brand or payment application;

4.4.3. unblending;

4.4.4. "Honor All Cards" rules;

4.4.5. steering rules;

4.4.6. information to the payee on individual card-based payment transactions.

5. Sub-paragraph 4.4.1 of this Article is not applicable to three party payment card schemes.

6. For the purposes of subparagraph 4.4 of this Article, the terms "unblending", "Honor All Cards" rules, and "steering rules" shall mean":

6.1. "unblending": the offer and charge, by each acquirer to the relevant payee, merchant service charges individually specified for different categories and different brands of payment cards with different interchange fee levels;

6.2. "Honor All Cards" rules: the general prohibition of application, by payment card schemes and payment service providers, of any rule that obliges payees accepting a card-based payment instrument issued by one issuer to also accept other card-based payment instruments issued within the framework of the same payment card scheme;

6.3. "steering rules": rules in licensing agreements, in scheme rules applied by payment card schemes and in agreements entered into between card acquirers and payees preventing payees from steering consumers to the use of any payment instrument preferred by the payee, as well as any rule prohibiting payees from treating card-based payment instruments of a given payment card scheme more or less favorably than others.

Article 100
Reporting obligations

1. Payment card schemes, processing entities, issuers and acquirers of card-based payment instruments, are obliged to provide to the CBK all the information that the CBK may reasonably require for the execution of its competences under this Law.
2. Sub-paragraphs 2.1 to 2.3 of Article 6 of this Law are, with the necessary adjustments and without prejudice of other applicable legal provisions, applicable to payment card schemes and processing entities where such entities are not covered by and regulated under this Law.

SECTION V
ON THE COMPARABILITY OF FEES RELATED TO PAYMENT ACCOUNTS, PAYMENT
ACCOUNT SWITCHING AND ACCESS TO PAYMENT ACCOUNTS WITH BASIC
FEATURES

CHAPTER I
APPLICATION

Article 101
Application

1. This Section lays down the rules concerning the transparency and comparability of fees charged to payment service users on their payment accounts held within the country and rules concerning the switching of payment accounts within the country.
2. This Section also lays down the rules and conditions according to which payment service providers are required to guarantee a right for payment service users to open and use payment accounts with basic features in the Republic of Kosovo.
3. Chapters II and III of this Section apply to payment service providers.
4. Chapter IV of this Section applies to banks.
5. The CBK may extend the application of Chapter IV to payment service providers other than banks.
6. This Section applies to payment accounts through which payment service users are able at least to:
 - 6.1. place funds in a payment account;
 - 6.2. withdraw cash from a payment account;

6.3. execute and receive payment transactions, including credit transfers, to and from a third party.

7. The CBK may decide to apply all or part of this Section to payment accounts other than those referred to in paragraph 6 of this Article.

8. For the purposes of this Section, the term payment service user only applies to payment service users which are consumers.

CHAPTER II COMPARABILITY OF FEES CONNECTED WITH PAYMENT ACCOUNTS

Article 102

List of the most representative services and standardized terminology

1. The CBK shall establish a list of the most representative services linked to a payment account and subject to a fee, offered by at least one payment service provider in Kosovo. The list shall contain terms and definitions for each of the services identified. Only one term shall be used for each service.

2. For the purposes of paragraph 1 of this Article, the CBK shall have regard to the services that:

2.1. are most commonly used by payment service users in relation to their payment account;

2.2. generate the highest cost for payment service users, both overall as well as per unit.

3. The CBK shall determine the standardized terminology for those services that are most common in the country. The national standardized terminology issued under this Article shall be aligned with European Union issued terminology, include common terms and definitions for the common services and shall be made available in the official languages of the Republic of Kosovo.

4. The standardized terminology shall be integrated in the list referred to in paragraph 1 of this Article, be published and publicly disclosed as determined by the CBK and be used by the CBK and all payment service providers.

5. Every four years the CBK shall assess and, where appropriate, update the list of the most representative services established pursuant to paragraphs 1 to 4 of this Article.

6. The CBK shall review and, where necessary, update the Kosovo standardized

terminology.

Article 103

Fee information document and glossary

1. Without prejudice to sub-paragraph 1.3 of Article 52 of this Law, payment service providers shall, in good time before entering into a contract for a payment account with a payment service user, provide the payment service user with a fee information document on paper or another durable medium containing the standardized terms in the final list of the most representative services linked to a payment account referred to in paragraph 4 of Article 102 of this Law, and, where such services are offered by a payment service provider, the corresponding fees for each service.

2. The fee information document shall:

2.1. be a short and stand-alone document;

2.2. be presented and laid out in a way that is clear and easy to read, using characters of a readable size;

2.3. be no less comprehensible in the event that, having been originally produced in color, it is printed or photocopied in black and white;

2.4. be written in official language or, if requested by the payment service user and agreed by the payment service provider, in another language;

2.5. be accurate, not misleading and expressed in the currency of the payment account;

2.6. contain the title "fee information document" at the top of the first page next to a common symbol to distinguish the document from other documentation; and

2.7. include a statement that it contains fees for the most representative services related to the payment account and that complete pre-contractual and contractual information on all the services provided in other documents.

3. The CBK may determine that, for the purposes of paragraph 1 of this Article, the fee information document shall be provided together with information required pursuant to other legal or regulatory provisions on payment accounts and related services on the condition that all the requirements of paragraph 2 of this Article are met.

4. Where one or more services are offered as part of a package of services linked to a payment account, the fee information document shall disclose the fee for the entire package, the services included in the package and their quantity, and the additional fee for any service

that exceeds the quantity covered by the package fee.

5. Payment service providers shall make available to payment service users a glossary of at least the standardized terms set out in the list referred to in paragraph 4 of Article 102 of this Law and the related definitions.

5.1. the glossary provided pursuant to this paragraph, including other definitions, if any, shall be drafted in clear, unambiguous and non-technical language and in a way that is not misleading.

6. The fee information document and the glossary shall be made available to payment service users at any time by payment service providers. They shall be provided in an easily accessible manner, including to non-customers, in electronic form on their websites where available and in the premises of payment service providers accessible to payment service users. They shall also be provided on paper or another durable medium free of charge upon request by a payment service user.

7. The CBK shall define the standardized presentation format of the fee information document glossary and its common symbol.

8. Following the updating of the Kosovo standardized terminology pursuant to paragraph 6 of Article 102 of this Law, CBK shall, where necessary, review and update the standardized presentation format of the fee information document and its common symbol as set out in paragraph 7 of this Article.

Article 104

Statement of fees

1. Without prejudice to Articles 48 and 49 of this Law and any applicable legal or regulatory rules on credit agreement in the form of an overdraft facility, payment service providers shall provide the payment service user, at least annually and free of charge, with a statement of all fees incurred, as well as, where applicable, information regarding the interest rates referred to in sub-paragraphs 2.3 and 2.4 of this Article, for services linked to a payment account. Where applicable, payment service providers shall use the standardized terms set out in the list referred to in paragraph 4 of Article 102 of this Law.

1.1. the communication channel used to provide the statement of fees shall be agreed with the user and be provided on paper at least upon the request of the payment service user.

2. The statement of fees shall specify at least the following information:

2.1. the unit fee charged for each service and the number of times the service was used during the relevant period, and where the services are combined in a package,

the fee charged for the package as a whole, the number of times the package fee was charged during the relevant period and the additional fee charged for any service exceeding the quantity covered by the package fee;

2.2. the total amount of fees incurred during the relevant period for each service, each package of services provided and services exceeding the quantity covered by the package fee;

2.3. the overdraft interest rate applied to the payment account and the total amount of interest charged relating to the overdraft during the relevant period, where applicable;

2.4. the credit interest rate applied to the payment account and the total amount of interest earned during the relevant period, where applicable;

2.5. the total amount of fees charged for all services provided during the relevant period.

3. The statement of fees shall:

3.1. be presented and laid out in a way that is clear and easy to read, using characters of a readable size;

3.2. be accurate, not misleading, and expressed in the currency of the payment account or, if agreed by the payment service user and the payment service provider, in another currency;

3.3. contain the title 'Statement of Fees' at the top of the first page of the statement next to a common symbol to distinguish the document from other documentation; and

3.4. written in official language or, if requested by the payment service user and agreed by the payment service provider, in another language.

4. The CBK may determine that the statement of fees shall be provided together with information required pursuant to other provisions of this Law on payment accounts and related services on the condition that all the requirements of paragraph 3 of this Article are met.

5. The CBK shall define the standardized presentation format of the statement of fees and its common symbol.

6. Following the updating of the Kosovo standardized terminology pursuant to Article 102 of this Law, CBK shall, where necessary, review and update the standardized presentation

format of the statement of fees and its common symbol as set out in paragraph 5 of this Article.

Article 105

Information for users

1. Payment service providers, in their contractual, commercial and marketing information to payment service users, shall use, where applicable, the standardized terms set out in the list referred to in Article 102 of this Law.
2. Payment service providers may use brand names in the fee information document and in the statement of fees, provided such brand names are used in addition to the standardized terms set out in the list referred to in paragraph 4 of Article 102 of this Law as a secondary designation of those services.
3. Payment service providers may use brand names to designate their services in their contractual, commercial and marketing information to payment service users, provided that they clearly identify, where applicable, the corresponding standardized terms set out in the list referred to in paragraph 4 of Article 102 of this Law.

Article 106

Comparison websites

1. The CBK shall ensure that payment service users have access, free of charge, to at least one website for comparing fees charged by payment service providers for at least the services included in the list referred to in paragraph 4 of Article 102 of this Law.
 - 1.1. Comparison websites may be operated either by a private operator or by the CBK or other public authority.
2. The CBK may require the comparison websites referred to in paragraph 1 of this Article to include further comparative determinants relating to the level of service offered by the payment service provider.
3. The comparison websites established in accordance with paragraph 1 of this Article shall:
 - 3.1. ensure, by being operationally independent, that payment service providers are given equal treatment in search results;
 - 3.2. clearly disclose the website owners and operators, where applicable;
 - 3.3. set out clear, objective criteria on which the comparison will be based;
 - 3.4. use plain and unambiguous language and, where applicable, the standardized

terms set out in the final list referred to in paragraph 4 of Article 102 of this Law;

3.5. provide accurate and up-to-date information and state the time of the last update;

3.6. include a broad range of payment account offers covering a significant part of the market and, where the information presented is not a complete overview of the market, a clear statement to that effect, before displaying results; and

3.7. provide an effective procedure to report incorrect information on published fees.

4. The CBK shall ensure that information is made available online about the availability of websites that comply with this Article.

Article 107

Payment accounts packaged with another product or service

When a payment account is offered as part of a package together with another product or service which is not linked to a payment account, the payment service provider shall inform the payment service user whether it is possible to acquire the payment account separately and, if so, provide separate information regarding the costs and fees associated with each of the other products and services offered in that package that can be acquired separately.

CHAPTER III SWITCHING

Article 108

Provision of the switching service

Payment service providers shall provide a switching service as described in Article 109 between payment accounts held in the same currency to any payment service user who opens or holds a payment account with a payment service provider located in Kosovo.

Article 109

Switching service

1. The switching service is initiated by the receiving payment service provider at the request of the payment service user. The switching service shall, as a minimum, comply with paragraphs 2 to 7 of this Article.

1.1. the CBK may establish or maintain general measures alternative to those referred to in this Article, provided that:

1.1.1. it is clearly in the interest of the payment service users;

1.1.2. there is no additional burden for the payment service users; and

1.1.3. the switching is completed within, as a maximum, the same overall time-frame as that indicated in paragraphs 2 to 7 of this Article.

2. The receiving payment service provider shall perform the switching service upon receipt of the authorization from the payment service user. In the case of two or more holders of the account, authorization shall be obtained from each of them.

2.1. the authorization shall be drawn in an official language of Kosovo or in any other language if requested by the payment service user and agreed by the payment service provider;

2.2. the authorization shall allow the payment service user to provide specific consent to the performance by the transferring payment service provider of each of the tasks referred to in paragraph 3 of this Article, and to provide specific consent to the performance by the receiving payment service provider of each of the tasks referred to in paragraph 5 of this Article;

2.3. the authorization shall allow the payment service user to specifically identify incoming credit transfers, standing orders for credit transfers and direct debit mandates that are to be switched;

2.4. the authorization shall also allow payment service users to specify the date from which standing orders for credit transfers and direct debits are to be executed from the payment account opened or held with the receiving payment service provider. That date shall be at least six business days after the date on which the receiving payment service provider receives the documents transferred from the transferring payment service provider pursuant to paragraph 4 of this Article;

2.5. the authorization from the payment service user shall be in writing and a copy of the authorization shall be provided to the payment service user.

3. Within two business days from receipt of the authorization referred to in paragraph 2 of this Article, the receiving payment service provider shall request the transferring payment service provider to carry out the following tasks, if provided for in the payment service user's authorization:

3.1. transmit to the receiving payment service provider and, if specifically requested by the payment service user, to the payment service user, a list of the existing standing orders for credit transfers and available information on direct debit mandates that are being switched;

3.2. transmit to the receiving payment service provider and, if specifically requested

by the payment service user, to the payment service user, the available information about recurring incoming credit transfers and creditor- driven direct debits executed on the payment service user's payment account in the previous thirteen (13) months;

3.3. where the transferring payment service provider does not provide a system for automated redirection of the incoming credit transfers and direct debits to the payment account held by the payment service user with the receiving payment service provider, stop accepting direct debits and incoming credit transfers with effect from the date specified in the authorization;

3.4. cancel standing orders with effect from the date specified in the authorization;

3.5. transfer any remaining positive balance to the payment account opened or held with the receiving payment service provider on the date specified by the payment service user; and

3.6. close the payment account held with the transferring payment service provider on the date specified by the payment service user.

4. Upon receipt of a request from the receiving payment service provider, the transferring payment service provider shall carry out the following tasks, if provided for in the payment service user's authorization:

4.1. send the receiving payment service provider the information referred to in subparagraphs 3.1 and 3.2 of this Article, within five business days;

4.2. where the transferring payment service provider does not provide a system for automated redirection of the incoming credit transfers and direct debits to the payment account held or opened by the payment service user with the receiving payment service provider, stop accepting incoming credit transfers and direct debits on the payment account with effect from the date specified in the authorization;

4.3. the CBK may require the transferring payment service provider to inform the payer or the payee of the reason for not accepting the payment transaction;

4.4. cancel standing orders with effect from the date specified in the authorization;

4.5. transfer any remaining positive balance from the payment account to the payment account opened or held with the receiving payment service provider on the date specified in the authorization;

4.6. without prejudice to paragraph 1 of Article 55 of this Law, close the payment account on the date specified in the authorization if the payment service user has no outstanding obligations on that payment account and provided that the actions listed

in sub-paragraphs 4.1, 4.2 and 4.5 of this paragraph have been completed. The payment service provider shall immediately inform the payment service user where such outstanding obligations prevent the payment service user's payment account from being closed.

5. Within five business days of receipt of the information requested from the transferring payment service provider as referred to in paragraph 3 of this Article, the receiving payment service provider shall, as and if provided for in the authorization and to the extent that the information provided by the transferring payment service provider or the payment service user enables the receiving payment service provider to do so, carry out the following tasks:

5.1. set up the standing orders for credit transfers requested by the payment service user and execute them with effect from the date specified in the authorization;

5.2. make any necessary preparations to accept direct debits and accept them with effect from the date specified in the authorization;

5.3. where relevant, inform payment service users of any other applicable rights concerning direct debits pursuant to this Law and existing legal or regulatory rules in force;

5.4. inform payers specified in the authorization and making recurring incoming credit transfers into a payment service user's payment account of the details of the payment service user's payment account with the receiving payment service provider and transmit to the payers a copy of the payment service user's authorization. If the receiving payment service provider does not have all the information it needs to inform the payers, it shall ask the payment service user or the transferring payment service provider to provide the missing information;

5.5. inform payees specified in the authorization and using a direct debit to collect funds from the payment service user's payment account of the details of the payment service user's payment account with the receiving payment service provider and the date from which direct debits are to be collected from that payment account and transmit to the payees a copy of the payment service user's authorization. If the receiving payment service provider does not have all the information it needs to inform the payees, it shall ask the payment service user or the transferring payment service provider to provide the missing information.

6. Where the payment service user chooses to personally provide the information referred to in sub-paragraphs 5.4 and 5.5 of this Article, to the payers or payees rather than provide specific consent in accordance with paragraph 2 of this Article, to the receiving payment service provider to do so, the receiving payment service provider shall provide the payment service user with standard letters providing details of the payment account and the starting date specified in the authorization within the deadline referred to in paragraph 5 above.

7. Without prejudice to paragraph 2 of Article 68 of this Law, the transferring payment service provider shall not block payment instruments before the date specified in the payment service user's authorization, so that the provision of payment services to the payment service user is not interrupted in the course of the provision of the switching service.

Article 110

Fees connected with the switching service

1. Payment service users have the right to access free of charge their personal information regarding existing standing orders and direct debits held by either the transferring or the receiving payment service provider.

2. The transferring payment service provider shall provide the information requested by the receiving payment service provider pursuant to sub-paragraph 4.1 of Article 109 of this Law without charging the payment service user or the receiving payment service provider.

3. Fees, if any, applied by the transferring payment service provider to the payment service user for the termination of the payment account held with it shall be reasonable and in line with the actual costs of the payment service provider, and any fees paid in advance by the payment service user shall be reimbursed on a pro-rata basis.

4. Fees, if any, applied by the transferring or the receiving payment service provider to the payment service user for any service provided under Article 109 of this Law, other than those referred to in paragraphs 1, 2 and 3 of this Article, shall be reasonable and in line with the actual costs of that payment service provider.

Article 111

Financial loss for payment service users

1. Any financial loss, including charges and interest, incurred by the payment service user and resulting directly from the non-compliance of a payment service provider involved in the switching process with its obligations under Article 109 of this Law, shall be refunded by that payment service provider without delay.

2. Liability under paragraph 1 of this Article shall not apply in cases of abnormal and unforeseeable circumstances beyond the control of the payment service provider pleading for the application of those circumstances, the consequences of which would have been unavoidable despite all efforts to the contrary, or where a payment service provider is bound by other legal obligations.

Article 112
Information about the switching service

1. Payment service providers shall make available to payment service users the following information about the switching service:

1.1. the roles of the transferring and receiving payment service provider for each step of the switching process, as indicated in Article 109 of this Law;

1.2. the timeframe for completion of the respective steps;

1.3. the fees, if any, charged for the switching process;

1.4. any information that the payment service user will be asked to provide; and

1.5. the alternative dispute resolution procedures referred to in Article 122 of this Law.

2. The CBK may require that payment service providers also make available other relevant information.

3. The information referred to in paragraphs 1 and 2 shall be made free of charge on paper or another durable medium at all premises of the payment service provider accessible to payment service users, shall be available in electronic form on its website at all times, and shall be provided to payment service users on request.

CHAPTER IV
ACCESS TO PAYMENT ACCOUNTS

Article 113
Scope

1. This Chapter is applicable to consumers whether or not already covered by a payment service contract.

2. The application of this Chapter is applicable to the banks that, under paragraph 1 of Article 115 of this Law, as determined by CBK, offer payment accounts with basic features.

Article 114
Non-discrimination

1. Banks shall not discriminate against consumers legally resident in Kosovo by any ground such as nationality, sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property,

birth, disability, age or sexual orientation, when those consumers apply for or access a payment account within Kosovo.

2. The conditions applicable to holding a payment account with basic features shall be in no way discriminatory.

Article 115

Right of access to a payment account with basic features

1. CBK shall ensure that payment accounts with basic features are offered to consumers by all banks to guarantee access thereto for all consumers in Kosovo, and to prevent distortions of competition.

2. Consumers legally resident in Kosovo, including consumers with no fixed address and asylum seekers, and consumers who are not granted a residence permit but whose expulsion is impossible for legal or factual reasons, have the right to open and use a payment account with basic features with banks located in Kosovo.

3. Consumers who wish to open a payment account with basic features in Kosovo are required to show a genuine interest in doing so, pursuant and under the conditions laid down in this Article.

4. The CBK shall ensure that the exercise of the right is not made too difficult or burdensome for the consumer.

5. Banks shall open the payment account with basic features or refuse a consumer's application for a payment account with basic features, in each case without undue delay and at the latest ten (10) business days after receiving a complete application.

6. Banks shall refuse an application for a payment account with basic features where opening such an account would result in an infringement of the provisions on the prevention of money laundering and the countering of terrorist financing laid down in Law on the prevention of money laundering and the countering of terrorist financing and applicable sub-legal acts and CBK regulations.

7. Banks may refuse an application for a payment account with basic features where a consumer already holds a payment account with a bank located in Kosovo which allows him to make use of the services listed in paragraph 1 of Article 116 of this Law, save where a consumer declares that he has received notice that such payment account will be closed.

7.1. in such cases, before opening a payment account with basic features, the bank may verify whether the consumer holds or does not hold a payment account with a bank located in Kosovo which enables consumers to make use of the services listed in paragraph 1 of Article 116 of this Law. Banks may rely on a declaration of honour

signed by the customer for that purpose.

8. In the cases referred to in paragraphs 6 and 7 of this Article, after taking its decision, the bank immediately informs the consumer of the refusal and of the specific reason for that refusal, in writing and free of charge, unless such disclosure would be limited or forbidden by Law.

8.1. in the event of refusal, banks shall advise the consumer of the procedure to submit a complaint against the refusal, and of the consumer's right to contact the CBK and make use of the relevant dispute resolution mechanisms provided for in Chapter I of the Section VI of this Law and provide the relevant contact details.

9. The access to a payment account with basic features cannot be made conditional on the purchase of additional services or of shares in the bank unless the latter is conditional for all customers of the bank.

Article 116

Characteristics of a payment account with basic features

1. A payment account with basic features includes the following services:

1.1. services enabling all the operations required for the opening, operating and closing of a payment account;

1.2. services enabling funds to be placed in a payment account;

1.3. services enabling cash withdrawals within Kosovo from a payment account at the counter or at automated teller machines- ATM of the relevant payment service provider during or outside the payment service provider's opening hours;

1.4. execution of the following payment transactions within Kosovo:

1.4.1. direct debits;

1.4.2. payment transactions through a payment card, including online payments;

1.4.3. credit transfers, including standing orders, at, where available, terminals and counters and via the online facilities of the bank.

1.5. the services listed in sub-paragraphs 1.1 to 1.4 of this Article, shall be offered by bank to the extent that they already offer them to consumers holding payment accounts other than a payment account with basic features.

2. The CBK may establish an obligation requiring banks established in Kosovo to provide additional services, which are considered essential for customers based on common practices in Kosovo, with a payment account with basic features.

3. Payment accounts with basic features are offered by banks at least in EUR.

4. Payment accounts with basic features allows customers to execute an unlimited number of operations in relation to the services referred to in paragraph 1 of this Article.

5. With respect to the services referred to in sub-paragraphs 1.1, 1.2, 1.3 and sub-paragraph 1.4.2 of this Article excluding payment transactions through a credit card, banks are not allowed to charge any fees beyond the reasonable fees, if any, referred to in Article 117 of this Law, irrespective of the number of operations executed on the payment account.

6. With respect to the services referred to in sub-paragraphs 1.4.1 and 1.4.2 of this Article only as regards payment transactions through a credit card and sub-paragraph 1.4.3 of paragraph 1 of this Article, the CBK may determine a minimum number of operations for which banks can only charge the reasonable fees, if any, referred to in Article 117 of this Law.

6.1. the CBK shall ensure that the minimum number of operations is sufficient to cover the personal use by the consumer, taking into account existing consumer behaviour and common commercial practices;

6.2. the fees charged for operations above the minimum number of operations shall never be higher than those charged under the usual pricing policy of the bank.

7. Bank shall ensure that the consumer is able to manage and initiate payment transactions from the consumer's payment account with basic features in the banks' premises and via online facilities, where available.

8. Without prejudice of other legal or regulatory requirements applicable to overdraft facilities, banks may provide, upon the customer's request, an overdraft facility in relation to a payment account with basic features.

8.1. the CBK may define a maximum amount and a maximum duration of the overdraft facility;

8.2. access to, or use of, the payment account with basic features shall not be restricted by, or made conditional on, the purchase of such overdraft facilities.

Article 117

Associated fees

1. The CBK shall ensure that the services referred to in Article 116 of this Law, are offered by banks free of charge or for a reasonable fee, allowing for more advantageous conditions for unbanked vulnerable consumers.
2. The CBK shall ensure that the fees charged to consumers for non-compliance with the consumers' commitments laid down in the framework contract are reasonable.
3. The CBK shall determine the reasonable fees referred to in the previous paragraphs taking into account as a minimum the national income level and the average fees charged by banks in the Republic of Kosovo for services provided on payment accounts.

Article 118

Framework contracts and termination

1. Framework contracts providing access to a payment account with basic features shall be subject to the Chapter III of the Section III of this Law unless otherwise specified in paragraphs 2 and 4 of this Article.
2. A bank may unilaterally terminate a framework contract only where at least one of the following conditions are met:
 - 2.1. the consumer deliberately used the payment account for illegal purposes;
 - 2.2. there has been no transaction on the payment account for more than twenty-four (24) consecutive months;
 - 2.3. the consumer provided incorrect information in order to obtain the payment account with basic features where the correct information would have resulted in the absence of such a right;
 - 2.4. the consumer is no longer legally resident in Kosovo;
 - 2.5. the consumer has subsequently opened a second payment account which allows him to make use of the services listed in paragraph 1 of Article 116 of this Law.
3. The CBK may identify additional limited and specific cases where a framework contract for a payment account with basic features may be unilaterally terminated by the bank.
 - 3.1. such cases shall be based on applicable legal provisions and shall be aimed at avoiding abuses by consumers of their right to access a payment account with basic

features.

4. When a bank terminates the contract for a payment account with basic features on one or more of the grounds mentioned in sub-paragraphs 2.2, 2.4 and 2.5 of this Article and in paragraph 3 of this Article, it shall inform the consumer of the grounds and the justification for the termination at least two (2) months before the termination enters into force, in writing and free of charge, unless such disclosure is prohibited by Law or order of a competent public authority.

4.1. where the bank terminates the contract in accordance with sub-paragraphs 2.1 or 2.3 of this Article, the termination shall take effect immediately.

5. The notification of termination shall advise the consumer of the procedure to submit a complaint against the termination, if any, and of the consumer's right to contact the CBK and make use of the relevant dispute resolution mechanisms provided for in the Chapter I of the Section VI of this Law and provide the relevant contact details.

Article 119

General information on payment accounts with basic features

1. The CBK shall ensure that adequate measures are in place to raise awareness among the public about the availability of payment accounts with basic features, their general pricing conditions, the procedures to be followed in order to exercise the right to access a payment account with basic features and the methods for having access to alternative dispute resolution procedures for the settlement of disputes.

1.1. the CBK shall ensure that communication measures are sufficient and well-targeted, in particular reaching out to the financially excluded, vulnerable and mobile payment service users.

2. Banks shall make available to consumers, free of charge, accessible information and assistance about the specific features of the payment account with basic features on offer, their associated fees and the conditions of use. The information provided shall make clear that the purchase of additional services is not compulsory in order to access a payment account with basic features.

SECTION VI
COMPLAINTS, ALTERNATIVE DISPUTE RESOLUTION, OFFENSES AND
ADMINISTRATIVE PENALTIES

CHAPTER I
COMPLAINT AND ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

SUB-CHAPTER I
COMPLAINT PROCEDURES

Article 120
Complaints

1. The payment service providers shall establish formalized procedures for the submission of complaints to the payment service provider by payment service users, and other interested parties including consumer associations of matters covered by this Law.
2. The complaint procedures referred to in the previous paragraph must include the right of payment service users and other interested parties including consumer associations, to refer the complaint to the CBK.
3. The CBK shall adopt the necessary procedures to allow payment service users and other interested parties including consumer associations, to submit complaints directly to the CBK with regard to payment service providers' alleged infringements of this Law.
4. Without prejudice to the right to bring proceedings before a court in accordance with the applicable Law, payment service users shall have access to the alternative dispute resolution mechanisms procedures set up in accordance with Article 121 of this Law.
5. The CBK may issue guidelines or regulations for the implementation of the procedures referred to in paragraph 1 of this Article.

SUB-CHAPTER II
ALTERNATIVE DISPUTE RESOLUTION

Article 121
Dispute resolution

1. Payment service providers shall put in place and apply adequate and effective complaint resolution procedures for the settlement of complaints of payment service users concerning the rights and obligations arising under Sections III, IV and V of this Law.
2. The procedures referred to in the previous paragraph shall be available in official language or in another language if expressly agreed between the payment service provider

and the payment service user.

3. Payment service providers shall make every possible effort to reply, on paper or, if agreed between the payment service provider and the payment service user, on another durable medium, to the payment service users' complaints.

4. The payment service provider's reply referred to in the previous paragraph shall address all points raised, within an adequate timeframe and at the latest within fifteen (15) business days of receipt of the complaint.

4.1. in exceptional situations, if the answer cannot be given within fifteen (15) business days for reasons beyond the control of the payment service provider, it shall be required to send a holding reply, clearly indicating the reasons for a delay in answering to the complaint and specifying the deadline by which the payment service user will receive the final reply;

4.2. in any event, the deadline for receiving the final reply shall not exceed thirty-five (35) business days.

5. The payment service provider shall inform the payment service user about the right to refer the dispute to the CBK and any alternative dispute resolution procedures in place to deal with disputes concerning the rights and obligations arising under Sections III, IV and V of this Law.

6. The information referred to in paragraph 5 of this Article shall be mentioned in a clear, comprehensive and easily accessible way on the website of the payment service provider, where one exists, at the branch, and in the framework contract between the payment service provider and the payment service user. It shall specify how further information on alternative dispute resolution procedures can be accessed.

7. The CBK may issue guidelines or regulations for the implementation of the provisions of this Article, this includes the introduction of rules on dispute resolution procedures that are more advantageous to the payment service user than those referred to in this Article.

Article 122

Alternative dispute resolution procedures

1. The CBK shall regulate, establish or promote the establishment of adequate, independent, impartial, transparent and effective alternative dispute resolution procedures, based on and taking into consideration any existing legal provisions covering alternative dispute resolution and financial consumer protection, for the settlement of disputes between payment service users and payment service providers concerning the rights and obligations arising under Sections III, IV and V of this Law.

2. The alternative dispute resolution procedures referred to in the previous paragraph shall be applicable to all payment service providers and shall also cover the activities of those who effectively control and administer the business of payment service providers.
3. The payment service providers shall provide the payment service users with information of at least one alternative dispute resolution for consumer disputes, which shall include the website address and the competent authority for the alternative dispute resolution referred at by the payment service provider.
4. The rights of payment service users referred to in the previous paragraphs of this Article shall not affect their rights to initiate court proceedings or any other rights or legal protections granted by Law.
5. The CBK shall cooperate effectively with competent foreign entities for the resolution of cross-border disputes concerning the rights and obligations arising under the Sections III, IV and V of this Law.

Article 123
Obligation to inform consumers of their rights

1. The Central Bank of Kosovo shall draft and publish on its website the electronic information leaflet on the rights of consumers listing in a clear and easily comprehensible manner, the rights of consumers under related laws.
2. Financial institution shall ensure that the leaflet referred to in paragraph 1 of this Article is made available free of charge on their websites, as well as in hardcopy at their branches, to their agents and the entities to which their activities are outsourced.
3. In respect of persons with disabilities, the provisions of this Article shall be applied using appropriate alternative means, allowing the information to be made available in an accessible format.

CHAPTER II
PENAL PROVISIONS, ADMINISTRATIVE OFFENSES AND PENALTIES

SUB-CHAPTER I
PENAL PROVISIONS

Article 124
Penal provisions

Whoever exercises the activities of provision of payment services or issuance of electronic money in violation of Articles 28 and 35 of this Law, without the relevant authorization or applicable exemption as provided for in this Law, commits a criminal offense and shall be

liable to imprisonment for a term not exceeding three (3) years.

SUB-CHAPTER II ADMINISTRATIVE OFFENSES

Article 125 Administrative offenses and penalties

1. An infringement to the provisions of this Law and sub-legal acts issued by the CBK for its implementation, as provided for in this Article, shall be considered as an administrative offense and the CBK has the power to impose penalties to the payment service provider, electronic money institution or other relevant natural or legal persons as established in the following paragraphs of this Article. CBK shall disclose to the public any administrative penalty that is imposed for infringement of the measures adopted in this Law unless such disclosure would seriously jeopardize the financial markets or cause disproportionate damage to the parties involved.

2. The CBK shall impose a penalty of five hundred euros (500€) to twenty thousand euros (25,000€) on the payment service provider or electronic money institution that commits any of the following offenses:

2.1. fails to meet initial capital and own funds requirements as established in this Law and by the CBK;

2.2. violates any requirement concerning the safeguarding of funds as provided for in Articles 11 and 33 of this Law;

2.3. has failed to establish adequate and comprehensive audit arrangements required under paragraph 2 of Article 12 and paragraph 1 of Article 29 of this Law;

2.4. does not notify the CBK on any major developments as laid down in Article 17 of this Law;

2.5. does not maintain accounts and/or does not prepare financial statements to reflect their financial condition precisely and in accordance with the accounting rules and principles as laid down in Article 19 of this Law;

2.6. does not report according to the form, type, methodology, content and reporting periods as determined by the CBK;

2.7. grants credit relating to payment services, in violation of the requirements laid down in paragraph 4 of Article 20 and sub-paragraph 1.2 of Article 32 of this Law;

2.8. provides payment services through an agent, without informing the CBK, as laid

down in paragraph 1 of Article 21 of this Law;

2.9. does not inform the CBK on the outsource of operational functions as provided for in paragraph 5 of Article 21 of this Law;

2.10. charges the payment service user on providing information in violation of Article 40 of this Law;

2.11. does not provide to the payment service user any of the information required under the Section III or provides the information in an incomplete or deceitful manner in violation of the requirements set forth in Articles 42, 44 to 49, 51 to 53 of this Law;

2.12. charges the payment service user in case of framework contract termination, in violation of Article 55 of this Law;

2.13. unreasonably refuses the execution of a payment order, or does not notify the payment service user as prescribed in Articles 78 and 79 of this Law;

2.14. prevents the payment user from revoking a payment order as prescribed in Article 80 of this Law;

2.15. does not transfer the full amount of the payment transaction, as laid down in paragraph 1 of Article 81 of this Law, or in the event the parties have agreed on deducting charges from the transferred amount, does not inform the payee on the full amount of the payment transaction and the deducted charges, as set forth in paragraph 2 of Article 81 of this Law;

2.16. violates the time limits prescribed in Articles 82 and 87 of this Law, on execution time and value date;

2.17. violates refund obligations in cases of non-execution, defective or late execution of payment transactions under Articles 89 and 90 of this Law, as well as any of the obligations provided for in Articles 88, 91 and 92 of this Law;

2.18. infringes, without prejudice to other possible sanctions provided by law, the conditions for the processing of personal data provided in Article 94 of this Law;

2.19. fails to implement, or implements in breach of the legal and regulatory provisions, any of the procedures and mechanisms provided for in Section VI for the submission of complaints or dispute resolution; and

2.20. violates any other provision of this Law or any of the sub-legal acts issued by the CBK for its implementation, further to the ones provided for in paragraph 2 and sub-paragraphs above, where such violations cause direct harm to payment service

users or prevent the correct exercise of any of CBK's powers or competences under this Law.

3. The CBK shall impose a penalty of one thousand and five hundred euros (1,500€) to fifty thousand euros (50,000€) on a payment system, a payment system operator or a bank in case of violation of any of the obligations provided for in Articles 26 and 27 of this Law.

4. The CBK shall impose a penalty of one thousand and five hundred euros (1,500€) to twenty thousand euros (25,000€) on a payment initiation service provider or on an account information service provider in case of violation of any of the obligations laid down in Articles 66 and 67 of this Law.

5. The CBK shall impose a penalty of one thousand and five hundred euros (1,500€) to fifty thousand euros (50,000€) on an account servicing payment service provider that commits any of the following offenses:

5.1. when they do not immediately confirm to the payment service provider whether the amount necessary for the execution of a card-based payment transaction is available in the payer's payment account, as defined by Article 65 of this Law;

5.2. when they fail to perform the actions defined by paragraph 4 of Article 66 of this Law;

5.3. in cases of violations of obligations defined by paragraph 3 of Article 67 of this Law.

6. The CBK shall impose a penalty of one thousand and five hundred euros (1,500€) to fifty thousand euros (50,000€) to a person exempted under Article 24 in case of violation of the obligations to notify the CBK under paragraph 5 of that Article and paragraph 3 of Article 28 of this Law.

7. The CBK shall impose a penalty of ten thousand euros (10,000€) to one hundred thousand euros (100,000€) on a bank that commits any of the following offenses:

7.1. fails to inform the consumer on the refusal to open a payment account with basic features as prescribed in paragraph 8 of Article 115 of this Law;

7.2. does not provide payment accounts with basic features when required to do so or provides such accounts with features, conditions or services in violation of the provisions of Articles 113 to 118 of this Law;

7.3. violates any information requirements related with the provision of payment accounts with basic services laid down in Chapter IV of Section V of this Law;

- 7.4. refuses to open a payment account with basic features except when allowed to do so under the provisions of Article 115 of this Law;
- 7.5. applies fees related to payment accounts with basic features, above and not in compliance with those foreseen in Article 117 of this Law;
- 7.6. does not notify the consumer for a unilateral termination of a contract for a payment account with basic features as provided for in paragraphs 4 and 5 of Article 118 of this Law.
8. The CBK shall impose a penalty of five thousand euros (5,000€) to fifty thousand euros (50,000€) on a payment institution or electronic money institution that commits any of the following offenses:
- 8.1. provide any payment services or services related with the issuance of electronic money not included within the authorization granted by the CBK;
- 8.2. exercises any activity consisting in taking from the public, on its own account or on behalf of a third party, deposits or other repayable funds;
- 8.3. violates the obligations related with control of the shareholding as provided for in Article 13 of this Law;
- 8.4. does not safeguard the clients' funds as provided for in Articles 11 and 33 or fails to provide relevant information as determined or requested by the CBK in what concerns the safeguarding of funds including as provided in paragraph 3 of Article 29 of this Law;
- 8.5. fails to provide information required by the CBK, or obstructs, prevents or fails to cooperate with any supervisory function of the CBK under paragraph 2 of Article 6 of this Law;
- 8.6. violates the conditions for issuance and redeemability of electronic money provided for in Articles 36 and 37 of this Law;
- 8.7. issue electronic money through agents in violation of paragraph 6 of Article 29 of this Law.
9. CBK imposes a daily penalty between one hundred euros (100€) to one thousand euros (1,000€) against any payment service provider in cases of continuous administrative offences.
10. The right to review the administrative offences, set forth in this Law, cannot be exercised when 3 years have passed from the moment of commitment of the administrative offence.

11. The penalties imposed pursuant to this Article shall be cashed for the account of the Kosovo Budget.

12. Penalties imposed under this Article are executive titles and Courts and the Private Enforcement Agents are charged with their execution.

Article 126

Procedural aspects

1. In the event of repetition of infringements and/or if the penalty applied under Article 125 of this Law is not paid within the time limit prescribed by the CBK decision, CBK may decide as follows:

1.1. doubling of the penalty;

1.2. suspend the exercise of one or more activities of the payment service provider or the electronic money institution for a period of up to six (6) months;

1.3. within the decision provided for in the previous subparagraph the CBK shall determine the payment of all outstanding liabilities, including applicable administrative costs, and the remedy of the violations and existing deficiencies that gave origin to the application of the relevant penalties;

1.4. in case the liabilities are not settled or the violations and deficiencies are not remedied within the six (6)-month suspension period or a longer period if prescribed by the CBK, the CBK shall withdraw the authorization or adopt the relevant measures to prohibit the relevant person, even if acting under an exemption provided for in this Law, from continuing to provide payment services or any related activities.

2. The penalties provided for in Article 125 of this Law, are applicable to the natural persons that control and manage the activity of the payment service provider or electronic money institution, in which case, the minimum and maximum amounts provided for in Article 125 of this Law, shall be reduced in half or, in case of employees without direction or management functions, in two thirds.

3. The procedural provisions laid down in the Law on Central Bank are applicable in the event of the implementation of this Sub-chapter.

Article 127

Determination of penalties and administrative measures

1. In addition to the withdrawal of the authorization of a payment service provider or electronic money institution under Article 16 of this Law or paragraph 1 of Article 126 of this Law, the CBK may impose an administrative measure when detecting a breach or violation

of any of the provisions of this Law and prior or in complement to the application of a penalty under Article 125, as provided in the Law on CBK, as follows:

1.1. recommendations;

1.2. written warnings;

1.3. written orders;

1.4. suspension or dismissal of persons responsible for the control and/or management of the activity of the payment service provider or electronic money institution.

2. The imposition of the administrative penalties and measures by the CBK, stipulated in this Subchapter, shall not bar the imposition of any other civil or criminal accountability under the provisions of any applicable Law.

Article 128

Communication and disclosure of administrative measures and penalties

1. CBK decisions and any administrative penalties and measure imposed under this Subchapter shall, under the terms and as provided for in the Law on Central Bank, be duly communicated by CBK to all interested parties.

2. CBK may decide to publish a decision for imposing administrative measures or penalties, if it considers it necessary to inform the public in accordance with the Regulations on Procedures for Imposing Administrative Penalties.

Article 129

Administrative process

1. The administrative process to be followed pursuant the application of the provisions of this Subchapter is subject to the rules provided under the Law on Central Bank and this Law and any regulation issued by the CBK under such provisions.

2. Without prejudice to the judicial reviews laid down in Article 130 of this Law, decisions taken by the CBK against the persons pursuant to the provisions of this Law are final.

Article 130

Judicial review

Decisions taken by CBK may be subject to judicial review pursuant to the provisions laid down in the Law on Central Bank and other relevant legislation in force.

SECTION VII FINAL AND TRANSITIONAL PROVISIONS

Article 131 Competent authority

1. The CBK is the competent authority, with exclusive competences, except where otherwise explicitly provided for, to ensure and monitor effective compliance with this Law.
2. The CBK, excepted where otherwise explicitly provided for, is granted with all the powers and competences provided for in this Law, and, in the exercise of such powers and competences, the CBK may make use of any other powers, competences and functions provided for in the Law on Banks, the Law on Central Bank, the Law on the Payment System, the Law on the Prevention of Money Laundering and combating terrorist financing or any subsequent legal act repealing such Laws.

Article 132 Voluntary liquidation, mandatory receivership and official administration

1. The provisions on voluntary liquidation, mandatory receivership and official administration defined in the legislation on banks and non-bank financial institutions, as applicable, shall apply to payment institutions and electronic money institutions regulated under this Law *mutatis mutandis*.
2. Except as defined in paragraph 1 of this Article, voluntary liquidation, forced liquidation and official administration of payment institutions and electronic money institutions may be further regulated by the CBK through sub-legal acts.

Article 133 Transitional provisions

1. Banks licensed by the CBK under the relevant legal provisions, and that, under such provisions, provide payment services and or issue electronic money, are considered as authorized to continue to provide such services and activities without prejudice of the provisions of this Law that are applicable to the banks in their condition as payment service providers.
2. Non-Bank Financial Institutions registered by the CBK to provide payment services and/or to issue electronic money prior to the entry into force of this Law, shall seek authorization as a payment institution or an electronic money institution, as applicable, under the provisions of this Law within the transitional period provided in Article 138 of this Law.
3. For the entities referred to in the previous paragraph that are currently operating in the country, the CBK may, if appropriate, establish a simplified process for authorization than the

one provided for in this Law.

4. Applications for authorization for conducting the activity of payment services and electronic money issuance, subject to review by the CBK, pending at the moment of the entry into force of this Law, shall be addressed in compliance with the requirements determined by this Law.

Article 134

Framework contracts

1. Framework contracts concluded before the effective date of this Law shall continue in force until their contractual term.

2. Without prejudice to the previous paragraph, payment service providers shall, within 90 days following the effective date of this Law, update the framework contracts to include all the information provided for in Article 52 of this Law.

Article 135

Abrogation

1. Upon the entry into force of this Law, there shall be abrogated all provisions of the Law No.04/L-155 on Payment System regulating the payment services and/or are in contradiction with this Law.

2. Sub-legal acts in force enacted by the CBK governing any matters covered by the legislation into force on Payment System remain in force for as long as they are not in contradiction with this Law and until being abolished by other sub-legal acts.

Article 136

Sub-legal acts for the implementation of this Law

The CBK shall draft and issue the necessary sub-legal acts for the implementation of this law within eighteen (18) months from its entry into force.

Article 137

CBK authority to align with European Union Legislation

1. For the implementation of the purpose of this law, the CBK is granted powers to adopt sub-legal acts in order to ensure compliance with amendments or new directives, regulations or other acts adopted by the European Union in the field of payment services.

2. The adoptions made by the CBK pursuant to paragraph 1 shall be made only within the scope of specific and relevant European Union legislation on payment services and shall be consistent with the basic principles established by this Law.

Article 138
Transitional period

1. Entities and persons subject to this Law shall adjust their activities and operations to the provisions herein within a maximum period of eighteen (18) months following the entering into force of this Law pursuant to Article 139 of this Law.
2. The CBK may establish, if necessary and appropriate under reasons of financial stability, consumer protection or other reasons of public interest, a shorter or longer transitional period for specific cases, of the provisions of this Law.

Article 139
Entry into force

This Law shall enter into force fifteen (15) days after publication in the Official Gazette of the Republic of Kosovo.

Law No. 10/L-026
23 April 2026

Promulgated by Decree No. DL-57/2026 dated 05.05.2026, Acting President of the Republic of Kosovo Albulena Haxhiu

