

A hand is pointing towards a digital keypad on a blue background with binary code. The keypad has buttons for numbers 1-9, 0, \*, and #. The background is a dark blue with a grid of light blue squares, some of which are lit up, creating a digital or data-like effect. The hand is in the lower right corner, pointing towards the keypad.

**NEW LAW  
ON PAYMENT SERVICES**

**JPM**

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The new Law on Payment Transactions which will come into force on October 1st, 2015, will introduce significant novelties into the payment services market in Serbia, and will supersede the current Law on Payment Operations.

Among other matters, it will regulate the use of electronic money, and the new organization of the payment system in the Republic of Serbia.

This Law constitutes the legal grounds for increase of competition in the payment services market in Serbia, and greater competition, as a rule, means higher quality of services, and therefore improved quality and security in providing such services.

The changes that will be implemented in the Serbian legal system when this new Law on Payment Services comes into force represent technical innovations.

The National Bank of Serbia believes that the Law will enable modernization and advancement of payment transactions not only within the country but with foreign countries as well, by introducing the concept of electronic money, regulating Internet payments, and payments by way of telecommunications devices and companies, and improving investment conditions, which could bring about the opening of new jobs.

Some of the novelties provided for by this Law include enabling new “payment institutions”, such as providers of cash remittance services, retail stores, mobile phone companies, etc.

The Law will facilitate cash flow and payment services, cash payment into and from accounts, services of issuing and accepting of payment instruments, cash remittance services.

An important novelty of this Law is that it paves the way for e-commerce and for the first time clearly defines electronic money and the benefits of using it.

Providers of payment services, issuers of electronic money and payment system operators will be supervised by the National Bank of Serbia.

The protection of users of payment services is expected to improve, given that the Law, among other things, specifies the obligation of timely and accurate informing of users of all data of relevance for their contractual relationship relating to services and effected payments, and greater liability of all providers of payment services for effecting payment transactions.

In case of a dispute between a user and a provider of payment services, the burden of proof is on the provider – to prove that they gave the user all the requisite information specified by law and that the transaction was effected in accordance with the user’s request.

Under the new Law, legal entities applying for a permit from the National Bank of Serbia must have initial capital of at least EUR 20,000, 50,000 or 125,000, depending on the services they plan to offer to users. In addition, apart from other specified documentation, legal entities will also have to submit a description of their management and internal control systems.

Apart from the requirements that will have to be met by new payment institutions, banks will also have to harmonize their business operations and internal acts with the provisions of the Law from the date when it starts to be applied, namely October 1st, 2015. Banks have to present all their clients with a proposed framework agreement and make the terms of this agreement available to their clients no later than one month before the application of the new Law begins.

If users of payment services do not notify their banks in writing that they reject the proposed agreement by October 1st, 2015, they will be considered to have accepted, which the bank also has to notify them of when they send the proposal.

The Law introduces compulsory elements of the framework agreement relating to informing users of services of the conditions under which they will be concluding the agreement, and the conditions under which the agreement may be amended, terminated or cancels.

Users' rights have been brought to the forefront with this Law, as opposed to legislative practice so far. In this regard it is important to point out that clients, i.e. natural persons, now enjoy greater protection, for instance they are entitled to objections that activate mechanisms for protection of their rights before the National Bank of Serbia.

This Law implements European directives on electronic money into the legislature of the Republic of Serbia, and creates conditions for Serbia to be seamlessly integrated into the European payment system once it accedes to the European Union.

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