

Pursuant to Article 39, paragraph 3 of the Law on Payment Transactions (FRY Official Gazette, No. 3/2002 and 5/2003 and RS Official Gazette 43/2004), the Governor of the National Bank of Serbia hereby passes a

**DECISION
ON THE SUPERVISION OF PAYMENT TRANSACTIONS PERFORMED BY
BANKS**

1. The present Decision stipulates the supervision requirements for payment transactions performed by banks, the procedure of issue of the order for the elimination of found irregularities, if any, as well as measures against banks at fault, deadlines of the execution of orders and duration of the measures pronounced against the banks.

2. In inspecting the payment operations under the present Decision, the National Bank of Serbia shall be provided the access to business books and other records of the bank, the authorized agent, as well as any bank's client – participants in the transaction subject to supervision (hereinafter: the Client).

3. For the purpose of the present Decision, the bank shall be the bank referred to in Article 2, Section 10, under a), of the Law on Payment Transactions (hereinafter: the Law).

The Agent, in terms of the present Decision, shall be the bank referred to in paragraph 1 of the present Section, as well as other juridical persons – Agents referred to in the decision stipulating the operations performed by an Agent as well as requirements for their performance.

4. The supervision, in terms of the present Decision, shall be carried out by the National Bank of Serbia by means of:

- Supervision of data, reports and other documents that the banks are obliged to submit to the National Bank of Serbia, namely available to the National Bank of Serbia;
- On site supervision of data, reports and other documentation in the premises of the bank, Agent and/or Client.

5. The supervision of payment transactions with the bank shall include:

- Supervision of correct opening, maintaining and closing of accounts for payments operations of Clients;
- Supervision of payments transactions (transfers of debit and credit entries) and their recording via respective accounts;
- Supervision of correct delivery, filling and using the uniform instruments in payment transactions;
- Supervision of pay-off in dinars from the accounts of operating juridical and natural persons, as well as supervision of other cash transactions;
- Supervision of the receipt and execution of payment orders according to their maturity date and according to their order.
- Supervision of execution in compliance with the regulations on payment order when the funds at the Client's account are insufficient to cover all payment orders;
- Supervision of payment transactions that the Bank carries out making use of an Agent;
- Supervision of correct and timely submission to the National Bank of Serbia and other competent authorities of the data prescribed, as well as prescribed statements to their Clients in correct and timely manner;
- Supervision of other payment transactions stipulated under the Law and related By-laws.

6. Supervision of payment transactions, issue of orders for eliminations of faults and measures against the banks at fault, deadlines for execution of orders and duration of such measures shall proceed in keeping with the regulations of the National Bank of Serbia governing further details on requirements and methods of performing the control function of the National Bank of Serbia.

7. Should the supervision procedure yield the proofs that a bank, due to a fault of the Agent, has operated in breach of the Law and relevant Bylaws brought under the Law - the National Bank of Serbia shall order the Bank to rescind the contract with the Agent to whom it has entrusted the performance of a part of payment operations.

8. The procedures of supervision of payment transactions undertaken before the implementation day of this decision and uncompleted until then will be performed according to the regulations in force before the implementation day of this decision.

9. On the effectiveness day of the present decision, the Decision on the Supervision of Payment Transactions Performed by Banks ("The Official Gazette of FRY" Nos. 29/2002 and 67/2002) ceases to be valid.

10. The present Decision shall come into effect on the day following publication in the RS Official Gazette, and shall apply as of June 1, 2004.

May 18, 2004

Governor
of the National Bank of Serbia
Radovan Jelašić