

Pursuant to Article 6, paragraph 2 of the Law on the Protection of Financial Services Consumers (RS Official Gazette, Nos 36/2011 and 139/2014) and Article 15, paragraph 1 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015, 40/2015 – CC decision and 44/2018), and in relation to Article 13, paragraph 1 of the Law on Payment Services (RS Official Gazette, Nos 139/2014 and 44/2018), the Executive Board of the National Bank of Serbia hereby adopts

DECISION ON DETAILED CONDITIONS OF FINANCIAL SERVICES ADVERTISING

Introductory provision

1. This Decision lays down detailed conditions of financial services advertising, namely, general and specific conditions of such advertising, obligations and responsibilities of a financial services provider relating to the advertising message and other issues pertaining to such advertising.

The provisions of this Decision also apply accordingly to advertising which directly promotes a financial services provider and/or its entire operations and not the individual financial services it provides.

2. For the purposes of this Decision, the terms below shall mean as follows:

1) *financial service* means a service provided by a bank to financial services consumers based on agreements on a loan, deposit, credit card issuance and use, current account opening and maintenance, authorised overdraft facility and other service provided by a bank in accordance with law; a service provided by a financial lessor based on a financial lease agreement, as well as a payment service, loan service, credit card issuance or authorised overdraft facility provided by a payment services provider or electronic money issuer other than a bank;

2) *financial services provider* means a bank, financial lessor, as well as a payment services provider or electronic money issuer other than a bank when providing payment services, loan services, credit card issuance or authorised overdraft facility in accordance with the law governing payment services;

3) *average consumer* means a forty three-year old with secondary school education, without any special knowledge and experience in using financial services, unless the advertising message makes it clear that the financial services provider intended the message for a special category of consumers;

4) *electronic media advertising* means advertising in radio and television programmes, as well as in on-demand programmes available via electronic communications networks in return for payment or other consideration;

5) *print media advertising* means advertising in dailies and periodicals and other print means of public information, as well as in the digital editions of these papers and/or other means of public information – that are identical to the print edition and available to consumers on-demand online;

6) *outdoor advertising* means advertising via means convenient for conveying an advertising message to the public, placed outdoors and available to the public, and/or to an indefinite number of recipients (advertising panel – billboard, placard, display, illuminated signs etc.);

7) *online advertising* means advertising on a website, social network, application or through other form of online communication;

8) *indoor advertising* means conveying advertising message via posters, placards, panels, brochures, flyers, leaflets, handouts, etc. which are installed and/or distributed at business offices of a financial services provider and its business partners (e.g. related financial institutions, merchants, etc.), and/or at other publicly accessible indoor space (e.g. shopping malls, airports, bus stations, means of public transportation, etc.);

9) *direct advertising* means conveying an advertising message to the named consumer or otherwise individually designated consumer, as follows:

– distance advertising, through delivery of letters or other addressed mails into a home mailbox or otherwise delivering them on some designated residential or business premises, by electronic mail or other form of direct electronic communication (using applications such as Viber, WhatsApp, etc.), or

– direct contact, handing over the material which contains the advertising message, or otherwise, through personal communication (presentation, promotion, via telephone, SMS messages, etc.);

10) *advertising message* means the informative content of advertising, regardless of the form, manner or means of transmission;

11) *transmitter of advertising message* means an entity disseminating an advertising message through the means it owns, the media it issues or the domain it has registered, or an entity having the right of use or some other right over those means and domains based on which it is authorised to

disseminate advertising messages, as well as the organiser of public manifestations and events at which advertising messages are disseminated;

12) *advertising declaration* means a document containing the data which identify the financial services provider as the advertiser, the transmitter of the advertising message, the content of the advertising message and the envisaged period and manner of advertising – which the advertiser submits to the transmitter of the advertising message.

General conditions (principles) of advertising

3. Financial services shall be advertised in a manner clear and understandable to an average consumer, and the advertising shall not contain incorrect information and/or information that may mislead an average consumer as to the terms and conditions of use of those services.

In order to meet the obligations referred to in paragraph 1 hereof, a financial services provider shall adhere to the following principles in financial services advertising:

- unequivocal identification of the financial services provider;
- truthfulness of information in the advertising message;
- transparency of information in the advertising message;
- balance of information in the advertising message;
- appropriateness of content and respect of professional ethics.

4. The principle of *unequivocal identification of the financial services provider* means that the advertising message must unequivocally designate the financial services provider whose services are promoted by that message, by stating its business name, abbreviated business name, a company name and/or the logo, or trademark.

5. The principle of *truthfulness of information in the advertising message* means that the information contained in the message must be accurate and updated and that its presentation must not deceive or be likely to deceive an average consumer, and/or distort the facts.

The following in particular shall be considered to be contrary to the principle referred to in paragraph 1 hereof:

- influencing consumers' view regarding the financial service or financial services provider promoted in the advertising by resorting to ambiguity, exaggeration or omission when presenting information;

- presenting, in an advertising message, consumer rights guaranteed by law as special advantages or advantages offered to the consumer by the financial services provider;
- stating (even if this is factually correct) that the promoted financial service will be available for a limited time, or that it will be available on particular terms for a limited time, which by imparting an overall impression or otherwise, misleads or is likely to mislead an average consumer with respect to the availability of the service with the same or similar characteristics – in order to elicit from the consumer an immediate decision to conclude an agreement on such service;
- stating that the promoted financial service will be available for a limited time, or that it will be available on particular terms for a limited time, in order to deny consumers sufficient opportunity or time to make an informed choice when deciding to conclude an agreement on such service.

6. The principle of *transparency of information in the advertising message* means that the message must not omit or conceal information that is needed to assess clearly, in each particular case, the characteristics of the financial service highlighted by the financial services provider in that message.

The information referred to in paragraph 1 hereof means in particular:

- information on criteria that must be met in order to conclude an agreement on the financial service with the characteristics highlighted in the advertising message (e.g. compulsory acquisition of other financial or payment services, minimum loyalty period for consumers, or other criteria that, if not met, may limit access to the financial service with such highlighted characteristics);
- information on prohibitions and restrictions and/or limits with regard to the provision of a financial service, e.g. with regard to the amount that can be borrowed or deposited under the terms promoted.

Contrary to the principle referred to in paragraph 1 hereof shall be considered in particular such advertising that:

- fails to make clear, from the standpoint of an average consumer, the type of the relevant financial service, and/or its nature or purpose;
- promotes several financial services of different characteristics (the so-called service package) short of differentiation that would enable an average consumer to make a clear distinction between those services and/or to determine which services are comprised in the service package;

- offers promotional conditions, but omits or conceals the validity of such offer;
- offers a financial service permitting the customer to reduce the monthly instalment over a certain period (be it through a grace period, extension of repayment term, etc.), but omits or conceals information on the manner in which such reduction is obtained;
- offers a financial service the acquisition of which enables the consumer to access additional services of the financial services provider or to enjoy certain benefits, but omits or conceals information on charges and fees associated with such additional services or information that the customer must stop using such additional services or must return benefits and/or compensate the financial services provider in case of early termination of the agreement prior to the expiry of the minimum loyalty period agreed with the financial services provider.

7. The principle of *balance of information in an advertising message* means that the information referred to in Section 6, paragraph 2 hereof should have similar prominence to the characteristics of the financial service highlighted by the financial services provider in that message.

8. The principle of *appropriateness of content and respect of professional ethics* means that an advertising message must not contain statements or visual presentation which may be deemed offensive, discriminatory or contrary to good business practices of loyal competition and professional ethics.

Contrary to good business practices of loyal competition and professional ethics shall be considered in particular such statements and visual presentation that:

- invite a boycott of another financial services provider and/or interrupt or prevent the establishment of relations with such other provider;
- abuse the reputation of another financial services provider or signs identifying or distinguishing such provider, or such statements and visual presentation that are similarly detrimental or are likely to be detrimental to such financial services provider;
- undermine or disparage signs, products, services or activities identifying or distinguishing another financial services provider and the circumstances in which such financial services provider is in;
- highlight the facts or circumstances pertaining to the financial services provider promoted in the advertising message (e.g. country of origin of its founder or owner, non-conviction in the prior period, membership in a group supervised by a foreign regulatory authority) in a manner which imparts

the impression on an average consumer that other financial services providers and/or their products and services are less reliable or safe;

– present a financial service in a confusing manner and/or a manner preventing its differentiation from the financial services, trademarks or signs of another financial services provider.

Conditions for specific forms of advertising

9. Electronic media broadcasting of an advertising message must last sufficiently to allow an average consumer to appropriately read and/or hear the message content.

Online advertising of an advertising message via image with or without sound or via sound must last sufficiently to allow an average consumer to appropriately read and/or hear the message content.

In online advertising placing exclusively short-form content (e.g. banners, bumpers etc.), the information referred to in Section 6, paragraph 2 hereof may be omitted in the advertising message, provided that the message contains a direct link to the webpage containing such information which is more prominent than financial service characteristics highlighted in that message by the financial services provider.

10. The text contained in the advertising message broadcast by electronic media or online, as well as the advertising message published in print media and disseminated in outdoor, indoor or direct advertising, must not be written in letters (other characters) smaller than the ones specified in Annex 1 for such type of advertising.

The text referred to in paragraph 1 hereof shall contain the wording: “Further information available at [website of the financial services provider]”, “For further information please call [telephone number of the financial services provider]”, “For further information please visit [name of the financial services provider]”, “Learn more via [website of the financial services provider and/or telephone number of the financial services provider]” or similar.

The advertising message and/or text referred to in paragraph 1 hereof may contain the expressions listed below only on conditions specified in this paragraph:

– “interest free”, “no interest”, “0% interest” or similar, only if no interest is payable by the consumer and if all terms of the agreement on a

loan or other financial service and all charges and fees (in which case the effective interest rate is not 0%) – are indicated with equal prominence;

- “no costs”, “zero charges”, “zero costs”, “free of charge” or similar, only if no interest, fees or other charges are payable by the consumer and if access to a loan or other financial service agreement is not conditional on conclusion of another agreement or anything incurring charges or creating other liability for the consumer;

- “without initial deposit” or similar, only if no advance payments are payable by the consumer as a condition for using a loan or other financial service;

- “guaranteed approval” or similar, only if access to a loan or other financial service agreement is not conditional on meeting creditworthiness-related or other requirements;

- “offer”, “gift” or similar, only if there are no conditions or circumstances requiring the consumer to compensate for or return the benefit that was made available to him due to the conclusion of the financial service agreement;

- “we will give your money back” or similar, only if the funds paid by the consumer will be fully repaid;

- “at our expense”, “we’ll pay”, “on us” or similar, only if the financial services provider fully bears the costs or if it bears part of the costs, provided that the respective share borne by the consumer is indicated with equal prominence;

- “new consumer” or similar, with no further information, only if the only access condition to a financial service agreement is that the customer does not have a financial service and/or payment service agreement with that financial services provider at the time of acquisition;

- “lowest in the market”, “highest in the market”, “best conditions in the market” or similar, only if followed, with equal prominence, by the particular conditions of the financial service underlying these expressions.

Advertising conditions for specific financial services

11. An advertising message promoting bank services provided under agreements on a loan, issuance and use of credit cards, authorised overdraft facility and other credit services, which contains interest rate or any numerical data pertaining to price or income – shall also contain a representative example with clear and precise data on:

- type of a credit;
- level and variability of the annual nominal interest rate;
- effective interest rate (which must be indicated more prominently than other data);

- currency in which the credit is agreed;
- period for which the credit is agreed;
- credit indexation criteria;
- total credit amount the consumer is to repay at the end of the agreed term;
- all costs payable by the consumer.

Paragraph 1 of this Section shall also apply to the advertising message promoting credit services, credit card issuance or authorised overdraft facility provided by the payment services provider or electronic money issuer other than a bank.

12. An advertising message promoting bank services provided under a deposit agreement, which contains interest rate or any numerical data pertaining to price or income – shall also contain a representative example with clear and precise data on:

- type of deposit;
- level and variability of the annual nominal interest rate;
- effective interest rate (which must be indicated more prominently than other data);
- currency in which the deposit is agreed;
- period for which the deposit is agreed;
- deposit indexation criteria;
- total amount the consumer is to collect at the end of the agreed term;
- all costs payable by the consumer, including the costs incurred in the event of early deposit withdrawal.

The advertising message referred to in paragraph 1 hereof shall not contain the interest rate that is not guaranteed and/or that does not allow for the capitalisation of interest over the full term of the deposit.

13. An advertising message promoting services which the lessor provides under a financial lease agreement, containing the interest rate or any numerical data pertaining to price – shall also contain a representative example with clear and precise data on:

- lease asset;
- level and variability of the annual nominal interest rate;
- effective interest rate (which must be indicated more prominently than other data);
- currency in which the lease is agreed;

- period for which the lease is agreed;
- lease indexation criteria;
- gross purchase value of the lease asset, the amount of front payment and the amount of net financing;
- number and amount of leasing instalments, as well as the period in which they are due (monthly, quarterly, etc.);
- all costs payable by the consumer.

14. Notwithstanding Section 10, paragraph 1 hereof, if the advertising message from Sections 11 to 13 hereof is broadcast in electronic media, and/or disseminated via outdoor or indoor advertising (via posters, placards and panels), the text containing the data pertaining to the representative example from these Sections (except effective interest rate) may be written in letters (other characters) smaller than the ones specified for that type of advertising in Annex 1, but not in a manner (choosing letters of too small a size and/or such font, style etc.) that would circumvent the application of those Sections.

Notwithstanding Sections 11 to 13 hereof, in online advertising placing exclusively short-form content (e.g. banners, bumpers etc.) the representative example with data from those Sections shall not necessarily be shown in the text of the advertising message – provided that such message contains a direct link to the webpage which contains the relevant representative example.

In the case referred to in paragraphs 1 and 2 hereof – the text of the advertising message shall contain the wording: “representative example is available at [webpage of the financial services provider]” or similar which must not be in letters (other characters) smaller than the ones specified for that type of advertising in Annex 1 and must be more prominent than financial service characteristics highlighted in that message by the financial services provider.

Obligations and responsibilities of the financial services provider relating to the advertising message

15. A financial services provider shall submit to the National Bank of Serbia the semi-annual advertising plan, and/or other document containing in particular data on financial services (products) whose advertising is planned for that year and information on the planned manner of advertising those services and/or products (in electronic media, print media, online advertising, outdoor advertising, indoor advertising and/or direct advertising).

The first semi-annual plan referred to in paragraph 1 hereof for the period from 1 January until 30 June of the current year shall be submitted by no later than 15 January of the current year, while the second semi-annual plan from that paragraph for the period from 1 July until 31 December of the current year shall be submitted by no later than 15 July of the current year

16. If a bank is to advertise a new product whose launching is planned within the meaning of the decision governing risk management by banks – along with the notification and documents submitted to the National Bank of Serbia in accordance with that decision, the bank shall also submit the information of the proposed manner of advertising (in electronic media, print media, online advertising, outdoor advertising, indoor advertising and/or direct advertising) and the advertising message proposal.

17. The financial services provider shall be responsible for all actions of the transmitter of the advertising message, as well as for any of its omissions relating to the advertising of the provider's financial services which is the subject of this decision.

The financial services provider shall make sure that the contract concluded with the transmitter of the advertising message defines the obligations of the contracting parties clearly and precisely in a manner which ensures the provider's compliance with the provisions of this Decision, as well as that any such contract contains a provision allowing for a unilateral contract termination by the financial services provider, if so ordered by the National Bank of Serbia.

If it establishes in the process of supervision that the financial services provider did not comply with this Decision, the National Bank of Serbia may order the financial services provider to terminate, within a specified deadline, the contract concluded with the transmitter of an advertising message and to stop publishing and/or broadcasting the advertising message.

18. The financial services provider shall keep the advertising declaration three years after the cessation of advertising and be able to submit it at any time upon the National Bank of Serbia's request.

Transitional and final provisions

19. The advertising messages published and/or broadcast in electronic media, online advertising or outdoor advertising by the effective date of this Decision, which a financial services provider intends to continue publishing

and/or broadcasting after 1 July 2019 – shall be harmonised with the provisions of this Decision by no later than 1 July 2019.

The posters, placards, brochures flyers, leaflets, handouts, etc. that have been posted and/or distributed through indoor advertising until the effective date of this Decision shall be harmonised with its provisions by no later than 1 July 2019.

20. The Annex printed with this Decision is integral hereto.

21. This Decision is published in the RS Official Gazette and enters into force on 1 April 2019.

NBS Executive Board No 34
7 March 2019
Belgrade

Chairperson
NBS Executive Board
G o v e r n o r
National Bank of Serbia

Dr Jorgovanka Tabaković

Minimum size of letters and/or other characters to be used in an advertising message

Type of advertising	Minimum size of letters (other characters)
Electronic media advertising	17 pt
Print media advertising and online advertising	9 pt
Indoor advertising and direct advertising – via brochures, flyers, leaflets etc.	11 pt
Indoor advertising via posters, placards, panels	30 pt
Outdoor advertising via smaller means for disseminating advertising messages (advertising panels – billboards, placards, displays etc.) (1.8 × 1.3 m)	90 pt
Outdoor advertising via smaller means for disseminating advertising messages (advertising panels – billboards, placards, displays etc.) (4 × 3 m, 5 × 2.4 m, 8 × 3 m or 10 × 5 m)	Letters and/or characters are magnified so as to keep the proportion defined for advertising via smaller means for disseminating advertising messages