

L A W
ON PAYMENT TRANSACTIONS
(Consolidated version¹)

Article 1

(repealed)

Article 2

For the purposes of this Law, the following terms shall have the following meanings:

- 1) client is a natural or legal person holding an account with a bank, including a bank and other entities which, in accordance with law, hold accounts with the National Bank of Serbia;
- 2) legal person is a company, public institution and other form of organisation, the founding of which has been registered by the competent authority or which has been founded by law;
- 3) natural person is a person engaged in a profit-oriented activity and other natural person;
- 4) dinar is the monetary unit of the Republic of Serbia;
- 5) *(deleted)*;
- 6) funds include cash and deposits held in accounts with banks;
- 7) account is a current, giro and other account, including accounts for the performance of a single payment transaction, opened based on agreement between the client and the bank;
- 8) settlement account is an account banks and other entities maintain with the National Bank of Serbia for effecting payments and settlement of interbank and/or mutual payments;
- 9) account cover is a sufficient available balance and consists of the previous banking day's ending balance, funds settled in the account during the banking day and payments received during that day, less payments made during the banking day, withdrawals from account and payment of applicable banking fees, until such time as the account cover is determined, but does not include provisional credit balances;
- 10) bank is:
 - a) *legal person* established as a bank and operating in accordance with the law governing banks,
 - b) *(deleted)*,
 - c) *National Bank of Serbia*,
 - d) *(deleted)*;
- 11) initiating bank is the bank receiving the first payment order that initiates the payment transaction;
- 12) receiving bank is any bank that receives the sender's payment order;

¹ This consolidated version is based on the text of the Law on Payment Transactions (FRY Official Gazette, No 3/2002) and its amendments and supplements published in the RS Official Gazette, Nos 5/2003, 43/2004, 62/2006, 111/2009 – other law, 31/2011 and 139/2014 – other law.

13) destination bank is a bank identified in the payment order, in which payment is made to the beneficiary – payee in a credit transfer, and/or a bank maintaining the payer’s account in a debit transfer which receives the last payment order in a payment transaction. In a credit transfer, the destination bank is the payee’s bank. In a debit transfer, the destination bank is the payer’s bank;

14) intermediary bank is a receiving bank other than the initiating or destination bank;

15) banking day is the part of the day during which the bank is open for receipt, processing and transfer of payment orders and other notices relating to payment transactions;

16) value date is the banking day on which the payment order should be executed, in accordance with the sender’s instructions;

17) payer is a natural or legal person making a payment in a payment transaction;

18) payee is a natural or legal person receiving payment in a payment transaction;

19) sender is a natural or legal person issuing the payment order to the receiving bank;

20) originator is the sender of the first payment order which initiates the payment transaction. In a credit transfer, the originator is the payer. In a debit transfer, the originator is the payee;

21) recipient is a legal or natural person whose bank is to receive the last payment order in a payment transaction. In a credit transfer, the recipient is the payee. In a debit transfer, the recipient is the payer;

22) payment order is an unconditional instruction given to the bank to make a payment or collect a specific amount of money from a specified account;

23) electronic is the transfer of payment orders and other data in a payment transaction by telecommunications or by physical delivery of tapes, diskettes and similar data media;

24) execution is the implementation of instructions stated in the payment order – by issuing the relevant payment order to the receiving bank;

25) payment transaction is the transfer of funds from the payer’s account to the payee or to the payee’s account. In a payment transaction, the payer and the payee may be different natural or legal persons or one and the same natural or legal person;

26) clearing is the exchange and processing of interbank payment orders for the purpose of settlement of bilateral or multilateral net amounts owed by each bank or owed to each bank for the settlement of payment orders included in each clearing cycle;

27) settlement is the execution of interbank payment orders;

28) agreement is a contract concluded between banks and their clients for the purpose of regulating account opening and maintenance, as well as the rights and obligations of parties to the contract .

The provisions hereof relating to legal persons shall also apply to branches of foreign companies, established in accordance with the law governing the founding of companies.

Articles 3–46

(repealed)

Article 47

Enforcement of claims from client’s accounts shall be made against all of the client’s accounts with banks in which the client holds funds, and shall be made on the basis of:

- 1) enforceable decisions issued by tax, customs and other competent bodies – according to the time of receipt;
- 2) enforceable court decisions, other execution titles, legal authorisations – according to the time of receipt;
- 3) creditors' orders in respect of matured securities, bills of exchange or mandates given by the debtor to its bank and its creditor – according to the time of receipt.

Enforced collection shall be made in the order from paragraph 1 of this Article.

The recovery of funds referred to in Article 31 of this Law shall take precedence over any collection based on orders from paragraph 1 of this Article.

Article 47a

The enforced collection from Article 47, paragraph 1, item 3) of this Law may be performed on the basis of bills of exchange or mandates referred to therein only if such bills of exchange and mandates are recorded in the register of bills of exchange and mandates maintained by the National Bank of Serbia (hereinafter: register of bills of exchange and mandates).

The register of bills of exchange and mandates shall contain the following data:

- 1) serial number of the bill of exchange/mandate;
- 2) identification number of the debtor and/or guarantor or warrantor;
- 3) date of issue of the bill of exchange/mandate;
- 4) maturity date of the bill of exchange/mandate;
- 5) amount indicated on the bill of exchange/mandate, and in case of a blank bill of exchange – data on the underlying instrument (e.g. loan agreement, etc.) and its value;
- 6) date and time of registration of the bill of exchange/mandate.

The debtor shall apply to register the bill of exchange or mandate from paragraph 1 of this Article with its bank, which shall issue a certificate of registration of bills of exchange or mandates.

The register of bills of exchange and mandates shall be a public record maintained in electronic form, and the data contained therein shall be accessible on the website of the National Bank of Serbia.

The date and time of registration of the bill of exchange and mandate shall be the date and time of publishing the data from paragraph 2 of this Article on the website of the National Bank of Serbia. The responsibility for the accuracy and authenticity of such data shall lie with the bank.

The National Bank of Serbia shall prescribe detailed terms, content and manner of maintaining the register of bills of exchange and mandates, as well as the manner of deleting data from the register.

Article 48

The enforcement of claims shall be performed by the National Bank of Serbia.

The National Bank of Serbia shall receive the execution titles from Article 47, items 1) and 2) of this Law from their issuers and shall, immediately after their receipt, order all banks to block all dinar and foreign currency accounts of the debtor, as well as order them not to open any new accounts to the debtor and to submit data on balances in those accounts to the National Bank of Serbia without delay.

After receiving the notification from banks on the amount of balances in the accounts from paragraph 2 of this Article, the National Bank of Serbia shall order the bank with which the debtor has the highest balance in an open dinar account to execute the claim enforcement against that account, whereas if the balances therein are insufficient, the execution shall also be ordered to other banks in which the debtor holds open dinar accounts, sequentially, in proportion to the amount of balances therein, until the claim enforcement is executed in full.

Where dinar account balances are zero or insufficient for execution of enforcement, all banks in which the debtor holds open foreign currency accounts shall be ordered to carry out the enforcement, sequentially, in proportion to the amount of balances therein, until the claim enforcement is executed in full.

The balances against which the enforcement may be executed include all funds held in dinar accounts with the bank, as well as the dinar equivalent of foreign currency funds held with the bank, except funds exempted from execution by law, or based on the Government's enactment, regulation of the National Bank of Serbia, court decision or decision of tax and/or customs authorities, or where the funds originate from grants and humanitarian aid, life insurance, privatisation receipts, funds for financing state commodity reserves, voluntary contributions, court deposits, funds earmarked for payments under letters of credit, deposits serving as loan collateral, budgetary funds for payment of premiums, subsidies and compensations, security instruments under contracts prescribed by law and other regulations, as well as other persons' funds in the debtor's accounts.

Where the debtor holds balances on time deposit with a bank, the bank shall be required to use such balances after the expiry of the time deposit contract to carry out the enforcement, in which case the validity of the initial time deposit contract cannot be extended.

Balances in the debtor's account blocked based on a claim enforcement order may not be used for other payments by that debtor.

Once the claim enforcement is executed in full, the National Bank of Serbia shall without delay notify banks thereof in order that they can unblock the balances in debtor's accounts in such banks.

Execution titles and claim enforcement orders shall be recorded and executed according to the time of receipt by the National Bank of Serbia.

Article 49

The orders from Article 47, paragraph 1, item 3) of this Law shall be executed against balances in the debtor's account in the bank indicated in these orders.

Where balances in the account from paragraph 1 hereof are zero or insufficient for the execution of orders, the bank indicated in the above orders shall immediately submit the data specified in the orders to the National Bank of Serbia, so that the enforcement can be executed as set out in Article 48 of this Law against balances in accounts with banks in which the debtor's funds are available.

Articles 49a–49c

(repealed)

Article 50

A legal person shall be fined from 200,000 to 2,000,000 dinars for an offence:

items 1)–5) *(repealed)*

6) if it uses balances in an account with a bank that has been blocked based on a claim enforcement order for other payments (Article 48, paragraph 7);

7) *(repealed)*

A responsible person in the legal entity shall also be fined from 10,000 to 150,000 dinars for the offences set out in paragraph 1 of this Article.

A natural person engaged in a business activity shall also be fined from 10,000 to 150,000 dinars for the offences set out in paragraph 1 of this Article.

Article 51

A bank shall be fined from 200,000 to 2,000,000 dinars for an offence:

items 1)–17) *(repealed)*

18) if it fails to comply with Article 48, paragraphs 2-8 of this Law and regulations adopted based on Article 57, paragraph 3 of this Law;

19) if it fails to comply with Article 49, paragraph 2 of this Law.

A responsible person in the bank shall also be fined from 10,000 to 150,000 dinars for the offences set out in paragraph 1 of this Article.

Articles 52 and 53

(deleted)

Articles 54–56

(repealed)

Article 57

The manner of enforcement of claims against client's accounts within the meaning of this Article shall be prescribed by the National Bank of Serbia.²

Articles 58–60

(repealed)

² Paragraphs 1 and 2 of this Article have been repealed.