



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 64 paragraph 1 item 22 of the Law on the National Bank of the Republic of Macedonia (“Official Gazette of the Republic of Macedonia” no. 3/02, 51/03, 85/03, 40/04, 61/05 and 129/06), and Article 44 paragraph 2 of Law on Payment Operations (“Official Gazette of the Republic of Macedonia” no. 113/07), the National Bank of the Republic of Macedonia Council adopted the following

DECISION

on the manner and methodology for payment system oversight (“Official Gazette of the Republic of Macedonia” no. 159/07)

I. General provisions

1. This Decision lays down the manner and the methodology of the National Bank of the Republic of Macedonia (hereinafter refer to as: National Bank) for payment system oversight, as well as the method for taking actions on removing the irregularities in functioning of the payment systems.

For the purpose of this Decision, irregularities shall mean activities and methods of operating of payment systems which are not in accordance with the standards given by the National Bank of the Republic of Macedonia (hereinafter refer to as: basic principles), which obstructs their efficient, reliable and smooth functioning.

II. Object of oversight

2. Object of oversight of item 1 of this Decision shall be the payment systems defined in accordance with Article 39 of the Law on Payment Operations.

III. Methods for the oversight performance

3. The National Bank shall perform the payment systems oversight by the following methods:
 - a) Directly, by insight with the operator who is managing the payment system.
 - b) Indirectly through permanent off-site monitoring of the payment systems operations.
4. Direct payment systems oversight may be:
 - a) partial, for evaluation of the payment systems compliance with one or more basic principles.
 - b) full, for evaluation of the payment systems compliance with all basic principles which shall be fulfilled depending on the category in which it is classified.
5. Direct payment systems oversight shall be performed based on a Decision by the Governor of the National Bank, which determines the object and the type of oversight and the persons authorized for performing the oversight.

6. The payment systems operator shall enable the persons authorized for oversight to perform smooth oversight, insight in the operations and by their request to make available the full needed documentation, data and information.
7. On-site supervision shall be performed on basis of daily monitoring of payment systems operations with information analysis, data and documentation delivered to the National Bank, in accordance with the current regulations and by special request of the National Bank.
8. After finishing the oversight, the authorized persons shall prepare report on the findings determined with the oversight and they shall deliver it to the payment systems operator.
9. The operator shall have a right to object the report referred to in item 8 of this Decision within 15 working days from the day of the reception of the report. The objection, verified by the supervisory body with two-tire management system, i.e. the Board of Directors with one-tire management system of the payment systems operator, shall be delivered to the National Bank.
10. The oversight report is terminated after delivering the reply by the National Bank to the payment systems operator, after eventual objection referred to in item 8 of this Decision.

IV. Methodology on performing payment system oversight

11. For the evaluation of the compliance of payment systems operations with the basic principles which are obligatory depending on the category in which the payment system is classified, the payment systems operator, for the oversight purposes, shall provide the following:

- answers to the key issues, on the key items relevant for evaluation of the compliance of the payment system with the adequate basic principle;
- description and assessment of all current or projected changes and reforms which are able to change the current condition.

Based on the information, data and documentation provided by the operator and the oversight, depending on the category in which the payment system is classified, the National Bank shall evaluate the level of compliance of payment system with any basic principle, according to the following scale:

- Complied: all key items shall be fulfilled;
- Mostly complied: there are irregularities which have no significant influence on the fulfillment of key items, and on the security and/or efficiency of the system;
- Partially complied: there are significant irregularities with large influence on the fulfillment of the key items, and on the security and/or efficiency of the system, but the systems operator overcomes such irregularities in reasonable time period;
- Non-complied: there are significant irregularities which largely influence on the fulfillment of key items, and on the security and/or efficiency of the system, and the systems operator has no ability to overcome the irregularities in reasonable time period.

12. The key items and key issues on any basic principle shall be specified in the manual on evaluation of the compliance of payment systems with basic principles, which shall be brought by the National Bank.

V. Taking actions on removing the irregularities in functioning of the payment systems

13. If some irregularities are found in the process of oversight, the National Bank, during the oversight and after its finishing, may do the following:
- give written references - advices on their removing to the Supervisory Body with one-tire system of management, i.e. the Board of Directors with one-tire management system of the payment systems operator and to determinate deadlines for their removing;
 - ask the Supervisory Body with two-tire management system, i.e. the Board of Directors with one-tire management system of the payment systems operator, to prepare a plan on removing the irregularities determined in the oversight process and to submit the plan to the National Bank, within a certain time limit.
 - taking other actions, according to the law regulations.

VI. Closing provisions

14. This Decision shall enter into force on the day of its publishing in the "Official Gazette of the Republic of Macedonia".
15. Once this Decision enters into force, the Decision on oversight of banks' operating and other institutions giving services in the payment operations ("Official Gazette of the Republic of Macedonia" no. 22/03).

D. no. 02-15/XII-2/2007
December 27, 2007
Skopje

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Governor

President
of the National Bank of the Republic of
Macedonia Council