

**National Bank of the Republic of Macedonia**



**PAYMENT SYSTEMS OVERSIGHT POLICY**

April 2017

Pursuant to Article 47 paragraph 1 item 3 and Article 7 paragraph 1 item 8 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15 and 6/16), the National Bank of the Republic of Macedonia Council adopted the following

## **PAYMENT SYSTEMS OVERSIGHT POLICY**

### **I. GENERAL PROVISIONS**

1. This policy shall determine the main objectives, effective oversight principles, scope of oversight, rights and authorizations, procedures, operation standards and methods, as well as reporting and transparency while overseeing payment systems of the National Bank of the Republic of Macedonia (hereinafter: the National Bank).

### **II. MAIN OBJECTIVES OF OVERSIGHT**

2. Payment system oversight is focused in realizing two main objectives:
  - stable, secure and efficient operation of payment systems for all participants and users;
  - maintaining stable financial system through controlling and minimizing the risk of transfer of disruptions which may occur in payment systems.
3. Achieving the objectives from item 2 of this policy shall be realized through monitoring the operation of payment systems, assessment of compliance of payment systems with the prescribed standards and undertaking measures for mitigation of the potential irregularities in the payment systems operations.

### **III. EFFECTIVE OVERSIGHT PRINCIPLES**

4. Employees responsible for conducting oversight are independent and objective in carrying their activities in a way that:
  - are not included in the operational activities associated with payment system operation managed by the National Bank; and
  - apply the same oversight criteria and standards, regardless if the object of oversight is a payment system where the National Bank is an operator or any other operator, in order to achieve consistency and equal treatment in the application of payment systems standards in the country.

### **IV. SCOPE OF OVERSIGHT**

5. Oversight is conducted on payment systems operators in the Republic of Macedonia.

If the payment system operation is associated with the operation of another type of entity from the financial markets infrastructure, the National Bank shall conduct oversight in cooperation with the oversight authority which conducts the oversights for such type of entity pursuant to item 7.

6. If disruptions in the payment system located abroad have direct negative impact over the stability and efficiency of the payment system in the Republic of Macedonia, the National Bank shall participate in an international cooperative oversight pursuant to item 7.
7. The National Bank can sign a memorandum or another type of written form act, if an oversight needs to be conducted in cooperation with other oversight entities in the country and/or abroad.

## **V. RIGHTS AND AUTHORIZATIONS**

8. Payment systems oversight is conducted by the Payment Systems Department (hereinafter: PS Department) in the National Bank.
9. Employees responsible for conducting oversight, during the oversight are authorized to:
  - access all information and documents at the payment system operator which is object of the oversight, as well as access to facilities in which the operator conducts its activity, whether the payment system is owned by the National Bank or another legal entity;
  - request additional information, answers of questions associated with conducting oversight and necessary assistance from the employees in the organizational unit or organizational units which conduct activities associated with payment system operation, which shall be submitted within a reasonable deadline;
  - direct access to the Governor in order to inform him on cases when provisions of preceding paragraphs are violated.
10. For the purposes of preserving the independence in the operations, the responsible employees for oversight, in the performance of working tasks, must not be put in a position of possible conflict of interest between the responsibility that they have in the performance of the payment systems oversight and the liability arising from the performance of their other working tasks.

## **VI. OVERSIGHT PROCEDURES**

11. Based on the legislation and the Disclosure Framework and the Assessment Methodology of the Committee on Payment and Settlement Systems at the Bank for International Settlements and the Technical Committee of the International Organization of Securities Commissions, PS Department prepares a manual and procedure for oversight which defines the activities, employees responsible for the activities and description for each activity, individually, in accordance with the existing legal provisions.

## **VII. INTERNATIONAL OVERSIGHT STANDARDS AND METHODS**

12. PS Department follows the internationally accepted standards for payment systems operation and gives recommendations for their application in the oversight regulation for payments systems in the country.

13. PS Department, in its operation, uses indirect and direct oversight methods in accordance with the oversight regulation through which collects relevant information for the operation of payment systems which are based on:
- publicly available information for their setup and characteristics;
  - official documentation (system rules, documentation for participation in payment system, business continuity plans, procedures for business processes, operational risk evaluation and other static information for the method of the system operation);
  - regular and ad hoc reporting for the payment system operation;
  - self-evaluation of compliance with the prescribed standards by the National Bank;
  - bilateral meetings with the participants and payment system operator;
  - oversight of the payment system operator;
  - legal expert opinion and findings from internal and external audits;
  - information from other authorities within their authorizations;
  - feedback from payment system participants.
14. Based on the collected information, PS Department assesses the compliance of the payment system operation with the prescribed operation standards and if needed, gives written recommendations in accordance with a law for removal of potential noncompliance.

#### **VIII. REPORTING AND MONITORING**

15. PS Department prepares an annual report for the results of the conducted indirect and direct payment systems oversight in the previous year, as well as monitoring the implementation of the recommendations from the findings, which is submitted to the National Bank of the Republic of Macedonia Council.

Summary of the annual report for the implemented oversight, which does not include classified information for the payment systems, is published in the annual report of the National Bank of the Republic of Macedonia, which enables transparency of oversight function.

#### **IX TRANSITIONAL AND CLOSING PROVISIONS**

16. The Governor of the National Bank can adopt implementing acts for this policy.
17. The first annual report of item 15 paragraph 1 of this policy shall be submitted in 2018.
18. The oversight policy shall enter into force on the date of its adoption.

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April 27, 2017

Skopje

**Governor  
and Chairman  
of the National Bank of the Republic of  
Macedonia Council  
Dimitar Bogov**