



National Bank of the Republic of Macedonia

Pursuant to Article 47 paragraph 1 item 6 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 06/16), and in relation to Article 44 paragraph 2 of Law on Payment Operations (Official Gazette of the Republic of Macedonia No. 113/07, 22/08, 159/08, 133/09, 145/10, 35/11, 11/12, 59/12, 166/12, 170/13, 153/15 and 199/15), the National Bank of the Republic of Macedonia Council adopted the following

DECISION

on the manner and methodology for payment systems oversight

I. General provisions

1. This Decision lays down the manner and the methodology of the National Bank of the Republic of Macedonia (hereinafter referred to as: National Bank) for payment system oversight, as well as the method for taking actions on removing irregularities in the 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 referred to as: principles), which hinder 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 the Law on Payment Operations.

III. Methods for the oversight performance

3. The National Bank shall perform the payment systems oversight:
 - Directly, by insight with the operator who is managing the payment system, and
 - Indirectly through regular off-site monitoring of the payment systems operations.
4. Direct payment systems oversight may be:
 - partial, for evaluation of the payment systems compliance with one or more principles, and
 - full, for evaluation of the payment systems compliance with all principles which shall be fulfilled depending on the category in which it is classified.



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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 (hereinafter: operator) shall enable the persons authorized for oversight to perform smooth oversight, insight in the operations and at their request to make available the needed documentation, data and information.
7. After finishing the oversight, the authorized persons shall prepare a report on the findings identified with the oversight and shall submit it to the operator.
8. The operator shall have the right to object the report referred to in item 7 of this Decision within 15 working days from the day of receipt 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.
9. The oversight report shall be considered final 15 days upon the day of receipt. As an exception, in case the operator lodges an objection, the report shall be considered final once the National Bank submits a response to the operator.
10. For indirect oversight, the operator is required to submit periodic reports on their operations and ad-hoc notifications at the request of the National Bank and on any changes planned and/or made, and incidents that affect the payment system operations.

The operator shall also submit to the National Bank an annual plan of activities related to the testing of regular and backup solutions and procedures and an annual plan for payment system risk assessment.

The contents, form and manner of notification under paragraphs 1 and 2 of this item shall be made in accordance with instructions on reporting by the payment systems operators, passed by the Governor of the National Bank.

IV. Methodology on performing payment system oversight

11. For evaluation of the compliance of payment systems operations with the principles which are obligatory depending on the category in which the payment system is classified, the operator, for the oversight purposes, shall provide the following:
 - answers to the questions related to the key considerations relevant for evaluation of the compliance of the payment system with the adequate principle;



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- 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 principle, according to the following assessment framework:

Observed: the payment system observes the principle. The identified differences and inconsistencies are not problematic issues i.e. they are small and resolvable, and the payment system can bear it in its operations;

Broadly observed: the payment system broadly observes the principle. The evaluation has identified one or several problematic issues that the payment system has to resolve and monitor within a certain time frame;

Partly observed: the payment system partially observes the principle. The evaluation has identified one or several problematic issues that could become serious if not addressed in a short time. The payment system's priority should be to address these issues;

Not observed: the payment system does not observe the principle. The evaluation has identified one or several problematic issues that require urgent resolution. The payment system's highest priority should be to address these issues;

Not applicable: the principle or specific key considerations arising from the principle does not apply to the payment system subject to evaluation, because of significant legal, institutional, structural or other features of the payment system.

12. The key considerations and issues for each principle and detailed implementation method that will guide the persons authorized for payment system oversight are specified in the Disclosure Framework and the methodology for assessment of the Committee on Payment and Settlement Systems at the Bank for International Settlement and the Technical Committee of the International Organization of Securities Commissions.



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V. Taking actions on removing irregularities in the payment systems operations

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

VI. Closing provisions

14. The Instructions referred to in item 10 paragraph 3 shall be adopted within one year from the day of entry into force of this Decision.
15. Once this Decision enters into force, the Decision on the manner and methodology for payment system oversight (Official Gazette of the Republic of Macedonia No. 159/07) shall cease being valid.
16. This Decision shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of Macedonia and shall apply 18 months after the date of entry into force.

D. No. 02-15/I-7/2016

28 January 2016

Skopje

Dimitar Bogov

Governor

Chairman

**Of the National Bank of the Republic
of Macedonia Council**