



## NATIONAL BANK OF THE REPUBLIC OF NORTH MACEDONIA

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Pursuant to Article 47 paragraph 1 item 6 of the Law on the National Bank of the Republic of North Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16 and 83/18 and Official Gazette of the Republic of North Macedonia No. 110/21) and Article 160 paragraph 5 of the Law on Payment Services and Payment Systems (Official Gazette of the Republic of North Macedonia No. 90/22), the Council of the National Bank of the Republic of North Macedonia has adopted the following

### **DECISION**

#### **on the manner of conducting oversight on the operations of the payment service providers, the electronic money issuers, their agents, the payment system operators and the outsourcing entities**

#### **I. GENERAL PROVISIONS**

1. This Decision shall prescribe the manner of conducting oversight of the National Bank of the Republic of North Macedonia (hereinafter: the National Bank) conducted on the operations of the payment services providers, the electronic money issuers, their agents, the payment system operators and the outsourcing entities to whom partial or full performance of operational functions related to the provision of payment services or the operations of the payment systems have been transferred on a basis of a contract (hereinafter: entities subject to oversight).

2. Authorized supervisors, for the purposes of this Decision, shall be officials in the National Bank that are authorized by the Governor to conduct oversight (hereinafter: the authorized supervisors).

#### **II. SUBJECT AND MANNER OF CONDUCTING OVERSIGHT**

3. Oversight will be performed on the compliance of the entities' operations subject to oversight with the Law on Payment Services and Payment Systems (hereinafter: the Law) and the other laws that regulate their operations, as well as the bylaws adopted on the basis of these laws.

4. The National Bank shall conduct the oversight referred to in item 1 of this Decision through:

- Off-site oversight of the operations of the entities subject to oversight (hereinafter: off-site oversight), in accordance with Section III of this Decision;
- On-site oversight of the entities subject to oversight, in accordance with Section IV of this Decision;
- Imposing measures in accordance with Section VI of this Decision and
- Maintaining contacts with the members of the bodies of the entities subject to oversight and with their audit companies (hereinafter: maintaining contacts), in accordance with Section VII of this Decision.

### **III. OFF-SITE OVERSIGHT**

5. The off-site oversight shall be conducted by collecting and analyzing the data, documents and reports that the entities subject to oversight submit to the National Bank in accordance with the Law or the regulations adopted according to the Law, as well as other documentation, i.e. other data and information regarding the operations of the entity subject to oversight available to the National Bank, including documentation, data and information from other supervisory and/or oversight authorities.

6. The entities subject to oversight shall be obliged, at request of the National Bank, to submit all required data, documentation and reports in accordance with the provisions of items 13, 14 and 15 of this Decision.

7. The National Bank shall prepare an off-site oversight report from the conducted off-site oversight which shall contain the identified situation, as well as the possible weaknesses, non-compliances and/or non-observance of regulations of item 3 of this Decision.

8. The procedure that follows after the preparation of the off-site oversight report shall be regulated by Section V of this Decision.

### **IV. ON-SITE OVERSIGHT**

9. The on-site oversight can cover the overall operations of the entities subject to oversight (full on-site oversight) or cover only a certain part of their operations (partial on-site oversight).

10. The on-site oversight shall be conducted by the authorized supervisors with a decision on performance of oversight issued by the Governor of the National Bank which shall state the entity subject to oversight and the subject of oversight. During the oversight, the decision may be supplemented, i.e. amended.

The National Bank, for the purposes of conducting the on-site oversight, may also engage outsourcing entities such as certified auditors, audit company or other professionals.

11. The National Bank shall submit a notification to the entity subject to oversight, within 10 days before its start. The notification shall contain:

- information on the subject of oversight;
- information about the authorized supervisor that will conduct the oversight and the other authorized supervisors that will be involved in the oversight;
- the date of the start of the oversight;
- the planned duration of the oversight;
- a list of information to be compiled by the entity subject to oversight and
- the deadlines within which the appropriate information should be compiled.

The information to be compiled by the entity subject to oversight for the purposes of the oversight, should be complete, accurate and final.

12. As an exception to item 11 of this Decision, the National Bank may conduct on-site oversight without submitting a notification to the entity subject to oversight.

13. The entities subject to oversight shall be obliged to enable the authorized supervisors smooth conduct of the on-site oversight, insight into the operations and, at their request, to place at their disposal or to submit the overall necessary documentation, data and information that the authorized supervisors requested in writing, i.e. electronically and within the deadline specified in the notification.

14. If when reviewing the documentation, data and information from item 13 of this Decision, there is a need for obtaining additional data and information from the members of the management bodies or other managers in the entity subject to oversight, they are obliged, in accordance with this Decision, to give the authorized supervisors, at their request, a written answer to the questions that have been placed within a deadline specified in the request and if necessary, to enclose evidence in relation to the answer.

15. If the documentation, data and information from item 13 of this Decision are in another language, the National Bank may require from the entity subject to oversight, at their own expense, to provide their translation into Macedonian by an authorized court translator within a specified time period.

16. The National Bank may not start or terminate the on-site oversight if the entity subject to oversight fails to provide its smooth conduct which implies that:

- the requested documents, data and information are not prepared fully in accordance with the notification referred to in item 11 of this Decision;
- the oversight is hindered due to improper records, failure to submit documentation, data and information, refusal to hold meetings or executing other type of communication in the process of cooperation with the bodies of the entity subject to oversight and/or
- the oversight is hindered in any other way.

## **V. ON-SITE OVERSIGHT REPORT**

17. The authorized supervisors shall prepare an on-site oversight report with findings of the conducted on-site oversight (hereinafter: the oversight report).

If in accordance with item 16 of this Decision, the entity subject to oversight hindered the conduct or the completion of the oversight, the authorized supervisors shall prepare an oversight report which shall state this circumstance.

The oversight report referred to in paragraph 1 of this item shall contain at least the following elements:

- a detailed review of all findings in the on-site oversight concerning the identified weaknesses in the operations of the entity subject to oversight;
- findings that represent non-compliance or non-observance of the relevant laws, bylaws or internal acts and
- final findings on the individual areas of the operations covered by the on-site oversight.

The oversight report referred to in paragraph 2 of this item shall contain at least the following elements: place and date of preparation of the oversight report, number and date of the National Bank's decision on issuing a license for providing payment services, issuing electronic money, registration of the entity in a register or a payment system operator, name of the supervisors, address of the entity subject to oversight, findings of the conducted oversight, deadline within which the entity subject to oversight can submit a complaint to the oversight report, provision that the oversight report represents classified information, number of copies in which the oversight report is compiled and signature of the authorized supervisors that conducted the oversight.

18. The authorized supervisors shall submit the oversight report to the entity subject to oversight, which shall have the right to submit a complaint within 15 days from the day of submission of the report.

As an exception to paragraph 1 of this item, if the oversight is conducted for the purpose of collecting, processing and analyzing the data necessary for the performance of the National Bank's tasks or for the purpose of acquiring new knowledge or data and information requested from other regulatory or supervisory bodies, the authorized supervisors shall prepare an oversight report which shall not be submitted to the entity subject to oversight.

The entity subject to oversight, with the complaint to the oversight report, shall be obliged to provide an explanation with documented evidence of the findings for which it considers that they are unfounded or that they do not reflect the real situation of the entity subject to oversight. The complaint shall be confirmed by the oversight body with two-tier management system, i.e. the Board of Directors with one-tier management system of the entity subject to oversight, i.e. the manager of the entity subject to oversight.

Together with the complaint referred to in paragraph 1 of this item, the entity subject to oversight shall submit a plan of activities to be undertaken for removing of the identified weaknesses, non-compliances and/or non-observance of the provisions of the Law and/or other law and/or the regulations adopted on the basis of laws and the deadlines for their carrying out.

19. The authorized supervisors shall be obliged to discuss the complaint to the oversight report and to produce a response to the complaint in which they give their opinion on the individual explanations of the entity subject to oversight for the findings provided in the oversight report.

Each notification from the entity subject to oversight which states explanations and activities that are undertaken on completion of the on-site oversight shall not be considered a complaint to the oversight report.

20. The response to the complaint referred to in paragraph 1 of item 19 of this Decision shall be submitted to the entity subject to oversight within 25 days from the receipt of the complaint.

21. The oversight report shall be considered final after the submission of the response to the complaint. The response to the complaint shall be an integral part of the final oversight report.

22. After submitting the response to the complaint, the on-site oversight shall be considered complete, and the oversight report final.

23. The entity subject to oversight shall be obliged to submit a final plan of activities to be undertaken for removing of the identified weaknesses, non-compliances and/or non-observance of the provisions of the Law and/or other law and/or the regulations adopted on the basis of laws and the deadlines for their carrying out within 20 days from the day when the oversight report becomes final.

24. The oversight report shall be a professional secret of the National Bank and the entity subject to oversight shall keep it. The entity subject to oversight may share the content of the report from the conducted oversight with third parties only for the purposes of auditing the annual financial statements and trading books, due diligence of the entity subject to oversight and in other cases provided by law, upon written approval obtained by the National Bank.

## **VI. IMPOSING MEASURES**

25. Depending on the type, severity and frequency of the identified weaknesses, non-compliance and/or non-observance of the provisions of the Law specified on the basis of the conducted oversight, the National Bank shall take measures against the entities subject to oversight in the ways and according to the conditions laid down in the Law.

## **VII. MAINTAINING CONTACTS**

26. When needed, the authorized supervisors shall hold meetings with the members of the management and supervisory bodies of the entities subject to oversight and the audit companies. The aim of these meetings is through exchange of data and information about the entities subject to oversight, the authorized supervisors to obtain closer information on the risks the entity subject to oversight is exposed to in the performance of its operations and the manner of their management.

Before the start or during the conduct of the on-site oversight, the authorized supervisors referred to in item 10 of this Decision may hold a meeting with the audit company and/or the person engaged or employed in the entity subject to oversight competent for carrying out internal audit.

27. During the meeting the findings of the audit company and the Internal Audit Department of the entity subject to oversight will be reviewed.

## **VIII. TRANSITIONAL AND CLOSING PROVISIONS**

28. The payment systems oversight procedures started before the day of commencement of the implementation of this Decision, shall be regulated by the Decision on the manner and methodology for payment systems oversight (Official Gazette of the Republic of Macedonia No. 17/16 and Official Gazette of the Republic of North Macedonia No. 177/21).

29. Once this Decision enters into force, it shall supersede the Decision on the manner and methodology for payment systems oversight (Official Gazette of the Republic of Macedonia No. 17/16 and Official Gazette of the Republic of North Macedonia No. 177/21).

30. This Decision shall enter into force on the eighth day after the date of its publication in the Official Gazette of the Republic of North Macedonia, and shall apply from 1 January 2023.

**D No. 02-15/XX-8/2022**  
**25 November 2022**  
**Skopje**

**Anita Angelovska Bezhoska**  
**Governor and Chairperson**  
**of the Council of the National Bank**  
**of the Republic of North Macedonia**