

Pursuant to Article 14 item 4, Article 32 and Article 44 paragraph 2 item 3 of the Central Bank of Montenegro Law (OGM 40/10, 6/13, 70/17, 125/23) and Article 66 of the Payment System Law (OGM 62/13, 111/22), the Council of the Central Bank of Montenegro, at its meeting held on 9 May 2024, passed the following

DECISION
ON THE REQUIREMENTS FOR EXECUTING CREDIT TRANSFERS AND DIRECT DEBIT TRANSACTIONS IN EURO WITHIN THE SINGLE EURO PAYMENTS AREA (SEPA)

Basic provision

Article 1

This Decision lays down the requirements for executing international payment transactions via credit transfers and direct debits denominated in euro within the Single Euro Payments Area (hereinafter: the SEPA), when one of the payment service providers is located in Montenegro and the other within the SEPA, including the elements of the payment order for the execution of those transactions.

Exemptions

Article 2

This Decision shall not apply to the following:

- 1) payment transactions carried out between and within the payment service providers, including their agents or branches, for their own account;
- 2) payment transactions processed and settled through large-value payment systems specified in the regulation of the Central Bank of Montenegro (hereinafter: the Central Bank), excluding direct debit payment transactions which the payer has not explicitly requested be routed via a large-value payment system;
- 3) payment transactions through a payment card or a similar device, including cash withdrawals, unless the payment card or similar device is used only to generate the information required to directly execute a credit transfer or direct debit to and from a payment account;
- 4) payment transactions by means of any telecommunication, digital or IT device, if such payment transactions do not result in a credit transfer or direct debit to and from a payment account identified;
- 5) transactions of money remittance as defined in the law governing the payment system (hereinafter: the Law);
- 6) payment transactions transferring electronic money, unless such transactions result in a credit transfer or direct debit to and from a payment account.

Where payment schemes are based on payment transactions by credit transfers or direct debits but have additional optional features or services, this Decision shall apply only to the underlying credit transfers or direct debits.

A payment scheme, within the meaning of this Decision, means a set of rules, practices, standards and guidelines agreed for the execution of payment transactions through credit transfers and direct debits denominated in euro when one of the payment service providers is located in Montenegro and the other within the SEPA, and which is separated from any infrastructure or payment system that supports the operation of that payment scheme.

Requirements for executing credit transfer and direct debit transactions

Article 3

A payment service provider shall execute credit transfer and direct debit transactions in accordance with the following requirements:

- 1) use the payment account identifier specified in item 1 sub-item a) of Annex I of this Decision, which regulates in more detail technical requirements for executing credit transfer and direct debit transactions, which is attached to this Decision and makes an integral part thereof;
- 2) use the message formats specified in item 1 sub-item b) of Annex I of this Decision, when transmitting payment transactions to another payment service provider or via a retail payment system;
- 3) ensure that payment service users use the payment account identifier specified in item 1 sub-item a) of Annex I of this Decision for the identification of payment accounts;
- 4) ensure that where a payment service user that is not a consumer or a micro legal person within the meaning of the law governing the accounting, initiates or receives individual credit transfers or individual direct debits which are not transmitted individually, but are bundled together for transmission, the message formats specified in item 1 sub-item b) of Annex I of this Decision are used.

Without prejudice to paragraph 1 item 2) of this Article, a payment service provider shall, upon the specific request of a payment service user, use the message formats specified in item 1 sub-item b) of Annex I of this Decision in relation to that payment service user.

A payment service provider shall act in accordance with the law governing the personal data protection when executing credit transfer and direct debit transactions.

A payment service provider shall carry out credit transfers in accordance with the following requirements:

- 1) the payer's payment service provider must ensure that the payer provides the data elements specified in item 2 sub-item a) of Annex I of this Decision;
- 2) the payer's payment service provider must provide the data elements to the payee's payment service provider specified in item 2 sub-item b) of Annex I of this Decision;
- 3) the payee's payment service provider must provide or make available to the payee the data elements specified in item 2 sub-item d) of Annex I of this Decision.

A payment service provider shall carry out direct debits in accordance with the following requirements:

- 1) the payee's payment service provider shall ensure that:
 - a) the payee provides the data elements specified in item 3 sub-item a) of Annex I of this Decision with the first and each subsequent direct debit or with one-off direct debit;
 - b) the payer gives consent both to the payee and to the payer's payment service provider, directly or indirectly via the payee, that the mandates, together with later modifications or cancellation, are stored by the payee or by a third party on behalf of the payee and the payee is informed of this obligation by the payment service provider in accordance with Law;
- 2) the payee's payment service provider shall provide the payer's payment service provider with the data elements specified in item 3 sub-item b) of Annex I of the Decision;
- 3) the payer's payment service provider shall provide or make available to the payer the data elements specified in item 3 sub-item c) of Annex I of the Decision;
- 4) the payer shall have the right to instruct its payment service provider:
 - a) to limit a direct debit collection to a certain amount and/or periodicity or both;
 - b) where a mandate under a payment scheme does not provide for the right to a refund, to verify each direct debit transaction, and to check whether the amount and periodicity of the submitted direct debit transaction is equal to the amount and periodicity agreed in the mandate, before debiting their payment account, based on the mandate-related information;
 - c) to block any direct debits to the payer's payment account or to block any direct debits initiated by one or more specified payees or to authorise direct debits only initiated by one or more specified payees;
- 5) where neither the payer nor the payee is a consumer, payment service providers are not required to comply with item 4 of this paragraph;
- 6) the payer's payment service provider shall inform the payer of the rights referred to in item 4 of this paragraph in accordance with the Law;
- 7) upon the first direct debit transaction and upon each subsequent direct debit transaction or one-off direct debit transaction, the payee shall send the mandate-related information to his payment service provider and the payee's payment

service provider shall transmit that mandate-related information to the payer's payment service provider with each direct debit transaction.

In addition to the requirements referred to in paragraphs 1 and 2 of this Article, the payee accepting credit transfers shall communicate its payment account identifier specified in item 1 sub-item a) of the Annex I of this Decision to its payers, for each requested credit transfer.

Before the first direct debit transaction, a payer shall communicate its payment account identifier specified in item 1 sub-item a) of the Annex I of this Decision.

Without prejudice to paragraph 5 item 1 sub-item b) of this Article, where the framework agreement between the payer and the payer's payment service provider does not provide for the right to a refund, the payer's payment service provider shall verify each direct debit transaction to check whether the amount of the submitted direct debit transaction is equal to the amount and periodicity agreed in the mandate before debiting the payer's payment account, based on the mandate-related information.

Payment service providers shall not require payment service users to indicate the business identifier code of the payment service provider of a payer or of the payment service provider of a payee (hereinafter: the BIC).

Payment service providers shall not levy additional charges or other fees on the read-out process to automatically generate a mandate for those payment transactions initiated through or by means of a payment card at the point of sale, which result in direct debit.

Pursuant to the mandates referred to in paragraphs 5, 8, 10 and 11 of this Article, a payer shall give consent to the payee and the payment service provider of the payer and allow the payee to initiate the debiting of the identified payment account of the payer, and the payment service provider of the payer to act in accordance with the given instruction.

Application

Article 4

This Decision shall apply until the day of Montenegro's accession to the European Union.

Entry into force

Article 5

This Decision shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

THE CENTRAL BANK OF MONTENEGRO COUNCIL

**GOVERNOR,
CHAIRPERSON**

Decision no. 0101- 3490 - 2/2024
Podgorica, 9 May 2024

Irena Radović, m.p.

ANNEX I

TECHNICAL REQUIREMENTS

1. In addition to the essential requirements set out in Article 3 of this Decision, the following technical requirements shall apply to credit transfers and direct debit transactions:

- a) the payment account identifier referred to in Article 3 paragraph 1 items 1 and 3 of this Decision shall be given using IBAN structure;
- b) the standard for message format referred to in Article 3 paragraph 1 items 2 and 4 of this Decision must be the ISO 20022 XML standard;
- c) the remittance data field must allow for 140 characters. Payment schemes may allow for a higher number of characters, except if the device used to remit information has technical limitations relating to the number of characters, in which case the technical limit of the device applies;
- d) remittance reference information and other data elements provided in accordance with items 2 and 3 of this Annex must be passed in full and without alteration between the payment service providers in the payment chain;
- e) once the required data is available in electronic form, payment transactions must allow for a fully automated, electronic processing in all process stages throughout the payment chain (end-to-end straight through processing), enabling the entire payment process to be conducted electronically without the need for re-keying or manual intervention. This must also apply to exceptional handling of credit transfers and direct debit transactions, whenever possible;
- f) payment schemes must set no minimum threshold for the amount of the payment transaction allowing for credit transfers and direct debits but are not required to process payment transactions with zero amount;
- g) payment schemes are not obliged to carry out credit transfers and direct debits exceeding the amount of EUR 999 999 999,99.

2. In addition to technical requirements referred to in item 1 of this Annex, the following requirements shall apply to credit transfer transactions:

- a) the data elements referred to in Article 3 paragraph 4 item 1 of this Decision are the following:
 - the payer's name and/or the IBAN of the payer's payment account;
 - the amount of the credit transfer;
 - the IBAN of the payee's payment account;
 - where available, the payee's name;
 - any remittance information;
- b) the data elements referred to in Article 3 paragraph 4 item 2 are the following:
 - the payer's name;
 - the IBAN of the payer's payment account;
 - the amount of the credit transfer;
 - the IBAN of the payee's payment account;

- any remittance information;
 - any payee identification code;
 - the name of any payee reference party;
 - any purpose of the credit transfer;
 - any category of the purpose of the credit transfer;
- c) in addition to data elements referred to in items a) and b) of this paragraph, the following mandatory data elements are to be provided by the payer's payment service provider to the payee's payment service provider:
- the BIC of the payer's payment service provider, if not agreed otherwise by the payment service providers involved in the payment transaction;
 - the BIC of the payee's payment service provider, if not agreed otherwise by the payment service providers involved in the payment transaction;
 - the identification code of the payment scheme;
 - the settlement date of the credit transfer;
 - the reference number of the credit transfer message of the payer's payment service provider;
- d) the data elements referred to in Article 3 paragraph 3 item 3 are the following:
- the payer's name;
 - the amount of the credit transfer;
 - any remittance information.

3. In addition to the requirements referred to in item 1 of this Annex, the following requirements shall apply to direct debit transactions:

- a) the data elements referred to in Article 3 paragraph 5 sub-item a) of this Decision are the following:
- the type of direct debit (recurrent, one-off, first, last or reversal);
 - the payee's name;
 - the IBAN of the payee's payment account to be credited for the collection;
 - where available, the payer's name;
 - the IBAN of the payer's payment account to be debited for the collection;
 - the unique mandate reference;
 - the date on which the payer's mandate was signed;
 - the amount of the collection;
 - where the mandate has been taken over by a payee other than the payee who issued the mandate, the unique mandate reference as given by the original payee who issued the mandate;
 - the payee's identifier;
 - where the mandate has been taken over by a payee other than the payee who issued the mandate, the identifier of the original payee who issued the mandate;
 - any remittance information from the payee to the payer;
 - any purpose of the collection;
 - any category of the purpose of the collection;

b) the data elements referred to in Article 3 paragraph 5 item 2 of this Decision are the following:

- the BIC of the payee’s payment service provider, if not agreed otherwise by the payment service providers involved in the payment transaction;
- the BIC of the payer’s payment service provider, if not agreed otherwise by the payment service providers involved in the payment transaction;
- the payer reference party’s name, if present in dematerialised mandate;
- the payer reference party’s identification code, if present in dematerialised mandate;
- the payee reference party’s name, if present in the dematerialised mandate;
- the payee reference party’s identification code, if present in dematerialised mandate;
- the identification code of the payment scheme;
- the settlement date of the collection;
- the payee’s payment service provider’s reference for the collection;
- the type of mandate;
- the type of direct debit (recurrent, one-off, first, last or reversal);
- the payee’s name;
- the IBAN of the payee’s payment account to be credited for the collection;
- where available, the payer’s name;
- the IBAN of the payer’s payment account to be debited for the collection;
- the unique mandate reference;
- the date of signing of the mandate;
- the amount of the collection;
- the unique mandate reference as given by the original payee who issued the mandate, if the mandate has been taken over by the payee other than the payee who issued the mandate;
- the payee’s identifier;
- the identifier of the original payee who issued the mandate, if the mandate has been taken over by a payee other than the payee who issued the mandate;
- any remittance information from the payee to the payer;

Within the meaning of this sub-item, reference party means a person on behalf of whom a payer makes a payment or a payee receives a payment;

c) the data elements referred to in Article 3 paragraph 5 item 3 of the Decision are the following:

- the unique mandate reference;
- the payee’s identifier;
- the payee’s name;
- the amount of the collection;
- any remittance information;
- the identification code of the payment scheme.