

The twenty-seventh meeting of the National Payment System Committee, 7 December 2016

Implementation of HRD SDD payment schemes postponed until June 2017

The National Payment System Committee (hereinafter: "Committee") held its twenty-seventh meeting at the Croatian National Bank (CNB) on 7 December 2016, chaired by Vicegovernor of the CNB Neven Barbaroša.

At the meeting, the Committee decided, at the proposal of the National Scheme Management Board (NSMB), to change the Rules of the HRK SDD Core Scheme and the Rules of the HRK SDD B2B Scheme, due to which the beginning of the implementation of the schemes was postponed to 5 June 2017. Banks and big billers (payees) cannot be ready for the implementation by 1 February 2017, on which date the beginning of the implementation of the direct debit payment service in accordance with HRK SDD schemes has been foreseen. In the execution of the existing ("old") direct debits, new rules will allow payees to migrate to the HRK SDD scheme in the period of the next two years, but not later than by 3 June 2019. However, any "new" payees that conclude contracts with a bank after 5 June 2017 will have to execute direct debits according to the new SDD scheme. From 5 June 2017, banks will enter into new direct debit contracts with payees exclusively in accordance with the HRK SDD scheme.

In addition, for any existing direct debits banks will allow payees, except on 5 June 2017, to migrate to the execution of such direct debits in accordance with the HRK SDD scheme during additional four pre-agreed periods. Until the time of the existing payees' migration to the execution of direct debits in accordance with the HRK SDD scheme, banks will accept new payers for such payees and execute direct debits for them according to the previous procedure. In addition, in accordance with regulations, at least two months in advance, banks will provide all of their payers for which they execute direct debits under the existing procedure with detailed information about adherence to the HRK SDD scheme, as well as about all rights and obligations related to the direct debit service in accordance with the scheme. Also, at the time of the signing of a direct debit contract with a payee in accordance with the HRK SDD scheme, banks will bind such a payee to inform each of its existing payers about it, not less than within four weeks before the migration of the existing direct debits to the execution according to the HRK SDD scheme.

Committee members have been informed about the status of several regulations in the area of payment operations that are being prepared. The Act amending the Payment System Act was subject to the procedure of consultation with the interested public until 14 December 2016. Once the opinions of competent authorities and institutions are collected, the final proposal of the act will be submitted for further legislative procedure. Additionally, due to the scope of amendments to Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (PSD2) two new Acts will have to be drafted: the Payment System Act and the Electronic Money Act. The deadline for the adoption of these regulations in all EU member states, for the purpose of transposing the provisions of the above Directive into national legislations, is 13 January 2018.

At the meeting, Committee members also reviewed the payment of personal income in accordance with the HRK SCT payment scheme. For some time now, banks have been attempting to implement the standardisation of the formats and channels of receipt of all types of payment orders including "specifications". With regard to the existing inadequate models of submission/receipt of "specifications" – numerous beneficiaries of the state budget and extra-budgetary funds being the largest users of "specifications" – it is necessary to improve the existing practice both legally and technologically. Primarily, the technological channel of the submission of payment orders (which so far have been submitted in different ways through "specifications") should be defined and the

appropriate legal standardisation through contractual relations between a bank and its clients should be ensured. The preparation of the basis for the achievement of the desired high degree of standardisation and legal norms of the relationship between banks and the government in the area of payment operations will be the task of a working group, which will be set up by the Ministry of Finance and the CNB, the Committee has concluded at the meeting.