



# IMPLEMENTATION OF NEW LAW “ON PAYMENT SERVICES” IN ALBANIA

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# I. TIMELINE FOR THE IMPLEMENTATION OF THE LAW

**30 April 2020** - The Law 55/2020 is approved by the Parliament

**2 July 2020** - Published in Official Journal

**2 January 2021** - Law enters into force (6 months after publication in OJ)

**2 January 2022** - Deadline for Bank of Albania to issue the by-laws (within 1 year from the entry into force of the law)

**2 July 2022** - Deadline for subjects that are licenced prior to the entry into force of the Law to comply with new legal & regulatory requirements

## II. DRAFTING THE REGULATORY FRAMEWORK

- ❑ In October 2020 was established the BoA Working Group for drafting the regulatory framework for the implementation of Payment Services Law.
- ❑ The Working Group is headed by Supervision Department, with the participation of members from Payment Systems and Accounting and Finance Department, Legal Department, Statistics Department, etc.
- ❑ The deadline for the issuing of by-laws is January 2022.
- ❑ As a common practice now, the by-laws that will be drafted during 2021, will pass through the consultation process with banks, NBFIs, EMIs and SLAs and also will be published in BoA's website for comments from interested persons that intend to be licensed as payment institutions in the future.

## II. DRAFTING THE REGULATORY FRAMEWORK

The main provisions of Payment Services Law that require drafting of by-laws to further supplement and detail the requirements of the Law, are:

### ☐ For Payment Institutions (PIs)

- Defining the minimum initial capital and the method for calculating the regulatory capital for PIs;
- Defining reputation, knowledge and experience requirements for the administrator of PIs;
- Setting the criteria for the minimum monetary amount of indemnity insurance or other comparable guarantees for those persons that apply to register for offering payment services of point 8 of annex 1 of the Law;
- Specifying the relevant documents and information on control of shareholding or quotas;
- Definition of liquid low-risk assets for the purposes of safeguarding requirements;
- Defining fit and proper requirements for PI's agents;
- Designing the reporting format and period for PIs.

## II. DRAFTING THE REGULATORY FRAMEWORK

The main provisions of Payment Services Law that require drafting of by-laws to further supplement and detail the requirements of the Law, are:

### For Payment Service Providers (PSPs)

- Defining the limits for derogation from information requirements for low-value instruments and e-money;
- Defining requirements for management of operational and security risks;
- Setting requirements for the strong customer authentication and for common and secure open standards of communication.

## II. DRAFTING THE REGULATORY FRAMEWORK

Some optional provisions of Payment Services Law that allow BoA to define in by-laws (if appropriate):

- simplified information requirements, for payment transactions covered by a framework contract, for specific categories of payment service providers;
- additional information to be provided by the payment service providers, before execution of individual payment transactions under a framework contract;
- further refund rights for direct debits in foreign currency;
- shorter maximum execution times for national payment transactions.

### III. TRANSITIONAL PROVISIONS FOR ENTITIES LICENCED PRIOR TO THE ENTRY INTO FORCE OF THE LAW

- Banks licenced prior to the entry into force of the Law, and that carry out payment services and money transfer, shall be considered as licenced to conduct the activity of payment services under annex 1 of the Law. Bank of Albania shall provide the banks the updated annex of the licence.
- EMIs, NBFIs and SLAs licenced prior to the entry into force of the Law, and which carry out payment services and money transfer, shall be assessed by the Bank of Albania as licenced to conduct the activity of the relevant payment services under annex 1 of this law, based on the business model applied by each entity.
- The above mentioned entities should take measures for the organisation of the activity and internal structure, in compliance with the requirements of the Law and by-laws, within 2 July 2022.
- NBFIs and SLAs licenced prior to the entry into force of the Law, which carry out payment services and money transfer, shall submit to the Bank of Albania, within 2 July 2022, some specific documents and information provisioned in the Law.
- After meeting the above requirements, these NBFIs and SLAs shall be granted the updated annex of the licence and shall be considered “payment institution”.



### III. TRANSITIONAL PROVISIONS FOR ENTITIES LICENCED PRIOR TO THE ENTRY INTO FORCE OF THE LAW

- EMIs licenced by the Bank of Albania prior to the entry into force of the Law, and which carry out payment services and money transfer, upon meeting the requirements set out above, shall be granted the updated annex of the licence on the payment services they execute.
- BoA, upon granting the licence and the updated Annex to NBFIs and SLAs, shall register them in the public registry of payment institutions as a payment institution.
- For the existing EMIs, NBFIs and SLAs which fail to meet the requirements of the Law within 2 July 2022, the Bank of Albania shall request the interruption of the activity of payment services and money transfer.
- All the new applications to receive a licence for conducting payment services and money transfer, which are under Bank of Albania's review, at the moment of the entry into force of the Law, shall be addressed in compliance with the new requirements of the Law.

A light blue architectural rendering of a modern building with a curved facade and a central atrium. The building features a prominent entrance with columns and a large, open-plan interior space with a grid ceiling. The text "Thank you for your attention!" is overlaid in the center.

***Thank you for your attention!***