## DECISION
### No. 21, dated 3.4.2024

**APPROVAL OF THE REGULATION: "ESTABLISHING REQUIREMENTS FOR CREDIT TRANSFERS AND DIRECT DEBITS IN EURO"**

In accordance with Article 1, point 4(b), Article 21 and Article 43 (c), of the Law No. 8269, dated 23.12.1997, "On the Bank of Albania", as amended; Article 129 of the Law No. 9662, dated 18.12.2006, "On banks in the Republic of Albania", as amended; Article 15, point 1, of the Law No. 133, dated 30.4.2013, "On the payment system", as well as Titles III and IV of the Law No. 55/2020, dated 30.4.2020, "On payment services";  having regard to the  proposal of the Department of Payment Systems, Accounting and Finance, the Supervisory Council of the Bank of Albania,

### DECIDED:

1. To approve the Regulation on "Establishing requirements for credit transfers and direct debits in euro", according to the text attached to this decision.
2. Payment Service Providers as defined in article 3, point 2, of the Law "On payment services", are subject to implementation of this decision.
3. The Department of Payment Systems, Accounting and Finance and Department of Supervision shall monitor the implementation of this Decision.
4. Governor's Office and the Research Department shall publish this Decision in the Official Journal of the Republic of Albania and in the Official Bulletin of the Bank of Albania.

This decision shall enter into force 15 days following that of its publication in the Official Journal of the Republic of Albania.

| **Secretary** | **Chairman** |
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| **Elvis ÇIBUKU** | **Gent SEJKO** |

# REGULATION ON "ESTABLISHINGREQUIREMENTS FOR CREDIT TRANSFERS AND DIRECT DEBITS IN EURO"[1]

## Article 1

### Subject matter and scope

1. This Regulation lays down the requirements for credit transfer and direct debit transactions denominated in euro within Albania and between Albania and the SEPA area, where both the payer's payment service provider (PSP) and the payee's payment service provider (PSP) are in Albania or one of the PSPs is in Albania and the other within the SEPA area, or where the sole PSP involved in the payment transaction is located in Albania.

2. This Regulation is without prejudice of applicable rules governing anti-money laundering and terrorist financing and rules governing the execution of credit transfers and direct debit transactions in ALL.

3. This Regulation will also apply to credit transfers and direct debits in ALL, where such is possible from a technical and operational point of view.

## Article 2

### Exclusions

1. This Regulation does not apply to the following:

   a. payment transactions carried out between and within PSPs, including their agents or branches, for their own account;

   b. payment transactions processed and settled through large-value payment systems, excluding direct debit payment transactions which the payer has not explicitly requested be routed via a large-value payment system;

   c. payment transactions through a payment card or similar device, including cash withdrawals, unless the payment card or similar device is used only to generate the information required to directly make a credit transfer or direct debit to and from a payment account identified by BBAN or IBAN;

   d. payment transactions by means of any telecommunication, digital or ICT device, if such payment transactions do not result in a credit transfer or direct debit to and from a payment account identified by BBAN or IBAN;

   e. transactions of money remittance as defined in point 8 of Article 5 of Law No. 55/2020 on Payment Services;

   f. payment transactions transferring electronic money unless such transactions result in a credit transfer or direct debit to and from a payment account identified by BBAN or IBAN.

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[1] Transposes Article 5 and Annex 1 of the regulation (EU) no. 260/2012 of the European Parliament and Council dated March 14, 2012 "On establishing technical and business requirements for credit transfers and direct debits in Euros and amending Regulation (EC) No. 924/2009". Unofficial translation.

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

## Article 3
### Definitions

1. For the purposes of this Regulation, the following definitions apply:

   a) "ALL" means the Albanian Lek;

   b) "BBAN" means a payment account number identifier, which unambiguously identifies an individual payment account with a PSP in Albania, and which can only be used for national payment transactions while the same payment account is identified by IBAN for cross-border payment transactions;

   c) "BIC" means a business identifier code that unambiguously identifies a PSP, the elements of which are specified by the ISO;

   d) "settlement date" means a date on which obligations with respect to the transfer of funds are discharged between the payer's PSP and the payee's PSP;

   e) "direct debit" means a national or cross-border SEPA payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee on the basis of consent given by the payer;

   f) "EPC" means the European Payments Council;

   g) "Terrorist financing" means terrorist financing as defined in Law No. 9917, dated May 19, 2008 "On the prevention of money laundering and financing of terrorism" as amended;

   h) "IBAN" means an international payment account number identifier, which unambiguously identifies an individual payment account, the elements of which are specified by the International Organization for Standardization (ISO);

   i) "ISO" means the International Organization for Standardization;

   j) "collection" means a part of a direct debit transaction starting from its initiation by the payee until its end through the normal debiting of the payer's payment account;

   k) "Law on payment services" is the Law No. 55, dated 30.4.2020 "On payment services" and/or any law amending it;

   l) "mandate" means the expression of consent and authorization given by the payer to the payee and (directly or indirectly via the payee) to the payer's PSP to allow the payee to initiate a collection for debiting the payer's specified payment account and to allow the payer's PSP to comply with such instructions;

   m) "PSP" means a payment service provider;

   n) "SEPA" means the Single Euro Payments Area;

   o) "large-value payment system" means a payment system the main purpose of which is to process, clear or settle single payment transactions of high priority and urgency, and primarily of large amount;

p) "retail payment system" means a payment system the main purpose of which is to process, clear or settle credit transfers or direct debits, which are generally bundled together for transmission and are primarily of small amounts and low priority, and that is not a large-value payment system;

q) "SEPA Scheme" any scheme managed and operated by the EPC;

r) "payment scheme" means a single set of rules, practices, standards and/or implementation guidelines agreed between PSPs for the execution of payment transactions within Albania and across the SEPA area, and which is separated from any infrastructure or payment system that supports its operation;

s) "ISO 20022 XML standard" means a standard for the development of electronic financial messages as defined by the ISO, encompassing the physical representation of the payment transactions in XML syntax, in accordance with business rules and implementation guidelines of Albania or SEPA schemes for payment transactions falling within the scope of this Regulation;

t) "Annex I" is the annex attached to this regulation that defines the technical requirements applied to credit transfers and debits in SEPA, in addition to Article 4;

u) "ICT" means information and communication technology;

v) "national payment transaction" means a payment transaction initiated by a payer or by a payee, where the payer's PSP and the payee's PSP are both located in Albania;

w) "credit transfer" means a national or cross-border SEPA payment service for crediting a payee's payment account with a payment transaction or a series of payment transactions from a payer's payment account by the PSP holding the payer's payment account, based on an instruction given by the payer;

x) "SEPA area" means the geographical scope of the SEPA schemes as determined by the criteria established by the EPC;

2. Unless otherwise specifically provided for in point 1, the other terms used in this Regulation shall have the same meaning as defined in the Law "On Payment Services".

## Article 4
### Requirements for credit transfer and direct debit transactions

1. PSPs shall carry out credit transfer and direct debit transactions in accordance with the following requirements:

a) they must use the payment account identifier specified in point (1)(a) of Annex I for the identification of payment accounts' regardless of the location of the PSP concerned;

b) they must use the message formats specified in point (1)(b) of Annex I, when transmitting payment transactions to another PSP or via a retail payment system;

c) they must ensure that PSUs use the payment account identifier specified in point (1)(a) of Annex I for the identification of payment accounts, whether the payer's PSP and the payee's PSP or the sole PSP in the payment transaction is in Albania;

d)     they must ensure that where a PSU that is not a consumer or a microenterprise, 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 point (1)(b) of Annex I are used.

2. Without prejudice to point (1)(b) above, PSPs shall, upon the specific request of a PSU, use the message formats specified in point (1)(b) of Annex I in relation to that PSU.

3. PSPs shall carry out credit transfers in accordance with the following requirements, subject to any obligation laid down in the Law on personal data protection:

a)     the payer's PSP must ensure that the payer provides the data elements specified in point (2)(a) of Annex I;

b)     the payer's PSP must provide to the payee's PSP the data elements specified in point (2)(b) of Annex I to the payee's PSP;

c)     the payee's PSP must provide or make available to the payee the data elements specified in point (2)(d) of Annex I.

4. PSPs shall carry out direct debits in accordance with the following requirements, subject to any obligation laid down in the Law on personal data protection:

a)     the payee's PSP must ensure that:

     i.     the payee provides the data elements specified in point (3)(a) of Annex I with the first direct debit and one-off direct debit and with each subsequent payment transaction;

     ii.     the payer gives consent both to the payee and to the payer's PSP (directly or indirectly via the payee), 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 PSP in accordance with Articles 44 and 45 of Law "On Payment Services".

b)     the payee's PSP must provide the payer's PSP with the data elements specified in point (3)(b) of Annex I;

c)     the payer's PSP must provide or make available to the payer the data elements specified in point (3)(c) of Annex I;

d)     the payer must have the right to instruct its PSP:

     i.     to limit a direct debit collection to a certain amount or periodicity or both;

     ii.     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;

     iii.     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 authorize direct debits only initiated by one or more specified payees.

e)     Where neither the payer nor the payee is a consumer, PSPs are not required to comply with point (4)(d), paragraphs i, ii and iii of this article.

    f)       The payer's PSP shall inform the payer of the rights referred to in point (4)(d) of this article, in accordance with Articles 44 and 45 of Law "On Payment Services".

    g)       Upon the first direct debit transaction or a one-off direct debit transaction and upon each subsequent direct debit transaction, the payee shall send the mandate-related information to his PSP and the payee's PSP shall transmit that mandate-related information to the payer's PSP with each direct debit transaction.

5. In addition to the requirements referred to in point 1 and 2 of this article, the payee accepting credit transfers shall communicate its payment account identifier specified in point (1)(a) of the Annex I to its payers, when a credit transfer is requested.

6. Before the first direct debit transactions, a payer shall communicate its payment account identifier specified in point (1)(a) of the Annex I.

7. Where the framework agreement between the payer and the payer's PSP does not provide for the right to a refund, the payer's PSP shall, without prejudice to point (4)(a), paragraph "ii" of this article, 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.

8. PSPs shall not require PSUs to indicate the BIC of the PSP of a payer or of the PSP of a payee.

9. The payer's PSP and the payee's PSP 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.

## Article 5
### Sanctions and complains

1. In case of any infringement to the provisions laid down in this Regulation, the Bank of Albania shall apply the penalties provided for in point 2 of Article 94 of Law "On Payment Services".

2. Points 6 to 15 of Article 94, Articles 95, 96 and 97 of Law "On Payment Services" are applicable to any infringement to the provisions stipulated in this Regulation.

## Article 6
### Procedures on alternative dispute resolution

The complaint and alternative dispute resolution procedures provided for in Articles 92 and 93 of Law "On Payment Services" are applicable to any disputes concerning rights and obligations arising from this Regulation between PSUs and their PSPs.

## Article 7

### Final

In order for the PSPs to apply for participation in SEPA, the Bank of Albania shall cooperate with and shall urge the PSPs to take the necessary measures to adapt their activities and operations to the requirements laid down in this Regulation, within 180 (one hundred and eighty) days from the approval of the expansion of the geographical scope of SEPA in Albania by the European Payments Council.

## Article 8

### Entry into force

This Regulation shall enter into force 15 days following that of its publication in the Official Journal of the Republic of Albania, with the exception of Article 4, which shall enter into force after the approval of the expansion of the geographical scope of SEPA in Albania by the EPC.

**CHAIRMAN OF THE SUPERVISORY COUNCIL**
**GENT SEJKO**

# ANNEX I
## TECHNICAL REQUIREMENTS (ARTICLE 4)

(1) In addition to the essential requirements set out in Article 4, the following technical requirements shall apply to credit transfers and direct debit transactions:

    a) The payment account identifier referred to in Article 4, point 1(a) and (c), must be IBAN.

    b) The standard for message format referred to in Article 4, point 1(b) and (d), 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 all the other data elements provided in accordance with points (2) and (3) of this Annex I must be passed in full and without alteration between PSPs 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 the requirements referred to in point (1), the following requirements shall apply to credit transfer transactions:

    (a) The data elements referred to in Article 4, point 3(a), are the following:

        i. the payer's name and/or the IBAN of the payer's payment account;

        ii. the amount of the credit transfer;

        iii. the IBAN of the payee's payment account;

        iv. where available, the payee's name;

        v. any remittance information.

    (b) The data elements referred to in Article 4 point 3(b), are the following:

        i. the payer's name;

        ii. the IBAN of the payer's payment account;

        iii. the amount of the credit transfer;

        iv. the IBAN of the payee's payment account;

       v.     any remittance information;

     vi.     any payee identification code;

    vii.     the name of any payee reference party;

   viii.     any purpose of the credit transfer;

     ix.     any category of the purpose of the credit transfer.

(c) In addition, the following mandatory data elements are to be provided by the payer's PSP to the payee's PSP:

       i.     the BIC of the payer's PSP (if not agreed otherwise by the PSPs involved in the payment transaction);

     ii.     the BIC of the payee's PSP (if not agreed otherwise by the PSPs involved in the payment transaction);

    iii.     the identification code of the payment scheme;

    iv.     the settlement date of the credit transfer;

     v.     the reference number of the credit transfer message of the payer's PSP.

(d) The data elements referred to in Article 4, point 3, letter "c", are the following:

       i.     the payer's name;

     ii.     the amount of the credit transfer;

    iii.     any remittance information.

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

(a) The data elements referred to in Article 4, point 4(a), paragraph (i), are as following:

       i.     the type of direct debit (recurrent, one-off, first, last or reversal);

     ii.     the payee's name;

    iii.     the IBAN of the payee's payment account to be credited for the collection;

    iv.     where available, the payer's name;

     v.     the IBAN of the payer's payment account to be debited for the collection;

     vi.     the unique mandate reference;

    vii.     the date on which the payer's mandate was signed;

   viii.     the amount of the collection;

     ix.     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;

     x.     the payee's identifier;

     xi.     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;

    xii.     any remittance information from the payee to the payer;

   xiii.     any purpose of the collection;

   xiv.     any category of the purpose of the collection.

(b) The data elements referred to in Article 4, point 4, letter "b", are as following:

i. the BIC of the payee's PSP (if not agreed otherwise by the PSPs involved in the payment transaction);

ii. the BIC of the payer's PSP (if not agreed otherwise by the PSPs involved in the payment transaction);

iii. the payer reference party's name (if present in dematerialized mandate);

iv. the payer reference party's identification code (if present in dematerialized mandate);

v. the payee reference party's name (if present in the dematerialized mandate);

vi. the payee reference party's identification code (if present in dematerialized mandate);

vii. the identification code of the payment scheme;

viii. the settlement date of the collection;

ix. the payee's PSP's reference for the collection;

x. the type of mandate;

xi. the type of direct debit (recurrent, one-off, first, last or reversal);

xii. the payee's name;

xiii. the IBAN of the payee's payment account to be credited for the collection;

xiv. where available, the payer's name;

xv. the IBAN of the payer's payment account to be debited for the collection;

xvi. the unique mandate reference;

xvii. the date of signing of the mandate;

xviii. the amount of the collection;

xix. the unique mandate reference as given by the original payee who issued the mandate (if the mandate has been taken over by another payee than the payee who issued the mandate);

xx. the payee's identifier;

xxi. 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);

xxii. any remittance information from the payee to the payer.

(c) The data elements referred to in Article 4, point (4)(c), are as following:

i. the unique mandate reference;

ii. the payee's identifier;

iii. the payee's name;

iv. the amount of the collection;

v. any remittance information;

vi. the identification code of the payment scheme.