

Pursuant to Article 38 paragraph 3 under 1) of the Croatian National Bank Act (official gazette *Narodne novine*, No. 36/2001) and Article 32 of the Foreign Exchange Act (official gazette *Narodne novine*, No. 96/2003) the Council of the Croatian National bank, at its session held on 13 July 2005, enacted the following

## **DECISION**

### **Governing the Conditions for and the Manner of Performing External Payment Operations**

#### ***General Provisions***

##### **I.**

This Decision shall govern the conditions for and the manner of performing payment operations between residents and non-residents, payment operations across the accounts of non-residents with banks having their head offices in the Republic of Croatia, irrespective of whether the payment or transfer is made in foreign currency or in kuna as well as payments and transfers between the accounts of residents.

##### **II.**

External payment operations shall be performed across accounts of banks abroad and in the Republic of Croatia, as well as across the accounts of foreign banks and other non-residents with banks in the Republic of Croatia.

##### **III.**

For the purpose of this Decision the following terms shall mean:

1. External payment operations – collections, payments and transfers based on current and capital operations in foreign means of payment and in kuna between residents and non-residents;
2. Bank – a financial institution which has received an operating license from the Croatian National Bank and obtained a license to perform operations regulated by the Foreign Exchange Act, a non-resident bank which is pursuant to the Banking Act authorised to directly provide banking services within the Republic of Croatia, the Croatian Bank for Development and Reconstruction and the Croatian National Bank;
3. Intermediary bank – a bank which is neither the bank of the order issuer nor the bank of the collection beneficiary but participates in the performance of external payment operations;
4. Small-value transaction – a collection, payment or transfer of money to or from a Member State of the European Union, in one of the currencies of European Union Member States, whose value does not exceed the equivalent of 50,000.00. euros;

5. Order acceptance date – the date on which all conditions set by the bank for performing an order, including the availability of the adequate financial coverage and information needed to perform the order, are met.

#### **IV.**

The orders for external payment operations, whose obligatory elements are prescribed by the instruction adopted pursuant to this Decision, shall be used for all transactions referred to in item I. of this Decision.

#### **V.**

External payment operations of self-employed persons (lawyers, public notaries, tax advisors, dentists, doctors, artists etc.), craftsmen, sole traders and other physical persons who are self-employed and perform the activity of their registration shall be performed in the manner prescribed for legal persons.

#### **VI.**

(1) The bank of the order issuer, intermediary bank and bank of the collection beneficiary shall perform the order in its full amount, unless the order issuer has stipulated that the order performance costs be born by the collection beneficiary in full or in part.

(2) The bank of the collection beneficiary shall not deduct the account maintenance costs from the inflow to the collection beneficiary prior to the funds being credited to the account of the collection beneficiary.

### ***International Postal Money Orders***

#### **VII.**

(1) Residents may receive payments from abroad ordered by non-residents and issue orders for payments abroad on behalf of non-residents by international postal money order. In order to execute an external payment order a resident shall pay in kuna.

(2) In the case of the transfer of funds from abroad on behalf of the resident by an international postal money order, a resident may choose between the payment in kuna or in the currency specified in the international postal money order.

(3) The maximum amount paid abroad by an international postal money order may not exceed the amount of foreign cash and checks permitted to be taken out of the country pursuant to the regulation adopted pursuant to the Foreign Exchange Act.

## **Collections from Abroad**

### **VIII.**

(1) A bank shall immediately, but not later than the next working day following the day of receiving a notice of crediting the bank's account abroad or in another bank in the country, notify its client who is the beneficiary of the collection of an inflow from abroad or transfer the funds to another bank in the country in accordance with the instructions given in the payment order.

(2) A bank's duty of notification from the previous paragraph relates to notifying clients who are legal or physical persons referred to in item V. of this Decision, while the bank shall notify other physical persons who are beneficiaries of the collection on the inflow from abroad only in cases where the collected amount from abroad exceeds 12,500 euros.

(3) Where the resident collection beneficiary establishes that the data in the notification of the inflow from abroad received from the bank is incorrect, he/she shall, not later than two working days following the receipt of the notification of the inflow, deliver the correct data required to create a report on the collection from abroad to the bank.

(4) The collection beneficiary's bank shall make the funds received from abroad available to the collection beneficiary not later than on the next working day following the receipt of the funds or within the time limit agreed with the collection beneficiary.

(5) A bank shall not be obligated to make available to the collection beneficiary the funds received from the realisation of a foreign loan within the time limit referred to in the previous paragraph in case conditions set out by the decision regulating the data collection for the purpose of compiling the balance of payments, external debt stock and international investment position have not been met.

### **IX.**

Where the collected amount exceeds the amount equivalent to the amount for which the identity of the party shall be established pursuant to the Money Laundering Prevention Act, a bank shall, before crediting the collection beneficiary's account, obtain the data on the name and head office/residence of the foreign order issuer. Should the bank not be able to obtain this data it shall return the received amount to the sender's bank within the period of ten working days.

### **X.**

(1) Where the collection beneficiary is a physical person, other than physical persons referred to in item V. of this Decision, a bank may credit the funds to an account or savings account of the collection beneficiary or at his/her explicit request pay the funds in cash.

(2) When the payment by the bank is effected in cash, the bank shall be obliged to keep the documents on the basis of which it established the identity of the party as well as the payment documents for at least five years from the day when the cash payment was made.

### ***Payments Abroad***

#### **XI.**

An order issuer shall issue an appropriate order to a bank for the purpose of an external payment or a payment to a non-resident's account. The order shall be deemed valid if:

- it contains the data and the signature of the issuer as prescribed by the instruction adopted pursuant to this Decision;
- it is enclosed with a document showing the payer and the basis for payment, as well as other documents proscribed by the instruction,
- the coverage has been provided in the bank for that order in the currency of payment.

#### **XII.**

(1) By way of derogation from item XI. of this Decision, the bank and the client can agree in writing that the document showing the payer and the basis for payment does not need to be enclosed with the payment order. In such a case the order issuer shall store the documents showing the payer and the basis for payment independently within the time limit and in the form set out in paragraph 2) of this item and submit them for inspection at the request of the bank or bodies responsible for control.

(2) The bank or client shall keep payment orders and other documents on the basis of which the changes in the bank accounts have been recorded for at least five years following the expiry of the year in which the changes in the accounts were recorded, in their original form or any other form acceptable as evidence.

#### **XIII.**

A bank shall be obliged to execute a valid order for external payment with a value date of external payment not later than on the third working day following the order acceptance date, unless the order issuer has set a later value date.

#### **XIV.**

If a bank does not have an agreed business relationship with the client or does not want to perform payment operations by the client's order, the bank shall be obliged to return the issued orders for external payments to the order issuer not later than the next working day following the day when it received the order. The bank shall be obliged to return the order and the paid-in coverage to the order issuer, unless otherwise agreed.

## ***A Bank's Obligations Concerning Small-Value Transactions***

### **XV.**

(1) A bank shall be obliged to send to its current and future clients a notification in writing or through telecommunications providing, in understandable terms, the following information on the terms and conditions for carrying out small-value transactions:

- the time between the execution of an external payment order and crediting the funds to the account of the institution of the collection beneficiary abroad, where the beginning of that period must be clearly specified;
- the time that elapses between receiving the funds in the bank account and crediting the account of the beneficiary of the collection from abroad;
- the method of calculating and the rate of the commission and other costs paid to the bank by the client;
- the exchange rate applied to a foreign currency conversion;
- the value date applied by the bank;
- the procedure available to a client in case of a complaint as regards the performance of the order.

(2) A bank shall be obliged to make a payment or process the small-value transaction order by the time limits specified in the notifications to clients.

### **XVI.**

(1) After the completion of a payment or collection on a small-value transaction basis the bank shall, except in the case of a client's explicit waiver, submit the client the following data in writing or through telecommunications:

- transaction identifier
- original amount of payment or collection
- amount of commission and other costs born by the client
- exchange rate applied to the conversion into another currency
- value date
- payment basis code.

(2) Where the order issuer stipulates that the costs of the performance of the order should, in full or in part, be borne by the collection beneficiary, the bank shall notify the collection beneficiary thereof.

## ***Final Provisions***

### **XVII.**

The governor of the Croatian National Bank shall issue instructions for the implementation of this Decision.

## **XVIII.**

(1) As of the day of coming into effect of this Decision the Decision on the Conditions for and the Manner of Performing External Payment Operations (official gazette *Narodne novine*, No. 146/2003 and 176/2004) shall cease to be valid.

(2) As of the day when this Decision is first applied the Decision on the Manner of Performing External Payment Operations (official gazette *Narodne novine*, No. 99/1993, 97/1994, 2/1996 and 7/1996).

## **XIX.**

This Decision shall enter into force on the eight day following its publication in the official gazette *Narodne novine* and shall apply as from 1 April 2006.

Dec. No., 670/2005  
Zagreb, 13 July 2005

CROATIAN NATIONAL BANK  
COUNCIL CHAIRMAN

GOVERNOR  
Dr Željko Rohatinski