

NATIONAL PAYMENT COUNCIL

TERMS OF REFERENCE

I. Introduction

On the series of activities of the Central Bank of the Republic of Kosovo (CBK), commercial banks and Treasury Department of the Ministry of Economy and Finance (Treasure – MEF) to further progress the national payment system in Kosovo.

CBK, commercial banks included on the framework of Kosovo Bank's Association of (KBA) and Treasure MEF agree to establish the National Payment Council as defined on this Terms of Reference.

II. Objectives

National Payment Council (NPC) aims to support sustainable and efficient systems of clearing and settlement of payments and securities in Kosovo. It can also serve as a forum of collaboration for insuring appropriate conditions on regional and national systems of payments.

III. Main duties

- a. NPC works in facilitating the necessary collaboration between banks and other main actors regarding payments.
- b. NPC promotes joint initiatives to implement the payment system infrastructure. These initiatives should not hinder, and in fact should encourage, healthy competition among market participants.
- c. NPC plays a key role in preparing strategic documents for the general architecture of the payment system in our country.
- d. NPC plays a key role in monitoring and implementing payments system's reforms.
- e. NPC plays a key role in facilitating exchange of information on economic and business needs of the parties affected by the payment system.
- f. NPC helps identifying the impact of different options and daily business operations of the participants and the interests of final users.
- g. NPC plays a key role in the selection of principles and options for systems designs.
- h. NPC plays a key role in determining the priorities and timetables of individual projects in terms of launching, financing and implementing them.
- i. NPC promotes standardization of procedures and systems.
- j. NPC is responsible for promoting knowledge on payment system issues in the country. For this purpose, NPC uses any tool that may consider appropriate (workshops, seminars, websites, media advertising, newsletters, etc..).
- k. NPC is committed to promote cooperation between all active institutions in payment and securities systems within the region and internationally.

IV. Methodology

- a. NPC prepares *ad hoc* reports on payments system issues. Reports will not be of normative in nature. However, they will serve as a reference to the ongoing reforms of the payment system in place.
- b. NPC will establish ad hoc working groups on issues regarding payment. Working groups may or may not be composed from all the institutions represented in the NPC.
- c. NPC prepares and publishes annual reports on its activities.

V. Representation and organizational structure

- a. Banks and other leading actors of the systems for clearing and settlement of payments and securities will be represented in the NPC. Initially, it will incorporate: CBK, KBA and commercial banks represented in the leading Board of KBA and Treasury-MEF. Other potential members could be other financial institutions, institutions of trading securities, final users and large companies (public utilities, telecommunications, etc.).
- b. NPC has a formal structure with the Governor / Deputy Governor of the CBK as head of and his secretariat also provided by the CBK.
- c. Stakeholder designated representatives are chief executive officers, (their own managing directors). NPC will invite an appropriate number of experts in its sessions. In order to have effective discussions the composition of participants in the meetings of the NPC should be in accordance with the objective.
- d. In the earliest stage of its functioning, the NPC may request, if necessary, assistance from other local entities and international experience in managing payment system groupings.
- e. NPC may invite, if necessary, other institutions and / or other individual experts to attend its meetings.

These Terms of Reference were agreed on March 9, 2010 and will be revised as needed.