

LAW  
ON PROTECTION OF USERS OF FINANCIAL SERVICES

I. GENERAL PROVISIONS

Article 1

This Law regulates the rights of users of financial services provided by banks, microcredit organisations, lessors and traders, as well as the conditions and manner of exercising and protecting those rights.

The Meaning of Certain Terms

Article 2

For the purposes of this Law, the following terms shall have the following meanings:

- 1) financial services are banking services, microlending services and financial leasing services;
- 2) banking services are services that the bank provides to users of these services on the basis of a loan agreement, a cash deposit contract, a contract on account opening and maintenance, a contract on payment card issuance and use, a contract on permitted account overdraft, as well as other services the bank provides in accordance with the law;
- 3) microlending services are services of microloan approval to natural persons in order to improve the financial position of microloan beneficiaries, increase employment, support the development of entrepreneurship and income generation;
- 4) financial leasing (hereinafter: leasing) is a business in which the lessor transfers the right to possess and use the leasing object to the lessee for a certain period of time, and in return the lessee is obliged to pay them the agreed leasing fee for the duration of the ownership and use of the leasing object, with the option of purchasing and acquiring rights of ownership over the leasing object;
- 5) a financial deal is a sale with repayment in installments or some other form of financing users with the same economic nature provided by the trader and which includes a deferred payment of the debt for a certain period of time;
- 6) a financial services provider is a bank, microcredit organisation and leasing company;
- 7) a provider of banking services (hereinafter: bank) is a bank in terms of the law regulating banks;
- 8) a provider of leasing services is a leasing company specified by the law regulating leasing;
- 9) a provider of microloan services (hereinafter: microcredit organisation) is a microcredit organisation in terms of the law regulating microcredit organisations;
- 10) a user of financial services (hereinafter: user) is a natural person who uses or has used financial services, or has contacted a financial services provider in order to use these services, and uses financial services for purposes other than their business or other commercial activities;
- 11) a loan agreement has the meaning specified in the law regulating obligations and the Law on Banks;
- 12) a microloan agreement has the meaning specified in the law regulating obligations and the Law on Microcredit Organisations;
- 13) a leasing arrangement has the meaning specified in the law regulating obligations and the Law on Leasing;

14) a cash deposit contract has the meaning specified in the law regulating obligations and the Law on Banks;

15) a contract on account opening and maintenance has the meaning specified in the regulations governing obligations and payment operations in KM and foreign currencies;

16) a revolving loan agreement is a loan agreement that allows the user to withdraw a once approved loan amount more than once under the same conditions in a given period, with the unused portion of the loan increasing by the amount of repayments of the used loan;

17) a payment card (which can be credit and debit) is a non-cash payment instrument that allows the user to pay for goods and services and withdraw cash;

18) a credit card is a payment card that allows the user to withdraw cash and pay for goods and services on credit;

19) a debit card is a payment card that allows the user to pay for goods and services and withdraw cash up to the amount of available funds in the account of the user;

20) a permitted account overdraft is the agreed amount of funds the bank makes available to the account user;

21) a significant overdraft is the amount of funds the account user uses outside the contractual relationship with the bank;

22) a linked loan agreement is a contract with the sole purpose of financing the purchase of certain goods or services and which constitutes an economic unit with the contract on the sale of those goods or services; the economic unit exists if the creditor uses the services of the seller in order to conclude the loan agreement or if the goods, i.e. service that is subject to the procurement is explicitly listed in the contract;

23) the nominal interest rate denotes the interest rate disclosed as a fixed or variable percentage that is annually applied to the amount of withdrawn loan funds, i.e. to the amount of net financing of leasing, i.e. to a received deposit;

24) the annual effective interest rate and the effective leasing fee rate (hereinafter: the effective interest rate) discloses the total cost of loans and other financial services paid for or received by the user of these services, with these costs being disclosed as a percentage of the total amount of these services on an annual level.

The effective interest rate equalises the present value of all future and existing obligations agreed between the financial services provider and the user on an annual level;

25) the total cost of loans and other financial services for users cover all costs, including interest, commissions, fees and all other fees the user has to pay in connection with the loan agreement, except for notary fees. The actual knowledge of the costs of financial services providers should be assessed objectively, taking into account the requirements with respect to professional care;

26) the repayment or payment plan is a tabular overview of all chronologically presented cash flows intended to inform the user in the interest of more accurately monitoring their obligations under the loan agreement or leasing arrangement, i.e. their claims under the cash deposit contract;

27) professional care is increased care and skill reasonably expected in legal operations from financial services providers when doing business with users in accordance with professional standards, best practices and the principle of good faith;

28) a representative example is an example indicating all the elements necessary for showing the conditions under which certain financial services are provided or used;

29) a permanent carrier is a tool that allows the user to store data related to them, access this data and reproduce it in unaltered form in the period of time for which it is kept;

30) a Personal Identification Number is a number that is assigned to the payment card user and that has the function of an electronic signature when paying for goods/services or withdrawing cash from ATMs;

31) the Ombudsman for the banking system (hereinafter: the Ombudsman) is a part of the Banking Agency of the Federation of Bosnia and Herzegovina (hereinafter: the Agency) as one of the protectors of the rights of users in the Federation of Bosnia and Herzegovina and enables a fair and quick settlement of disagreements and disputes between providers and users of financial services by independent persons with a minimum of formality via conciliation or mediation or other peaceful means. The goal of the Ombudsman is to promote and protect the rights and interests of users;

32) a trader is a natural person or legal entity that sells financial deals and is active on the market as part of their business operations or for other commercial purposes.

### Article 3

(1) The provisions of this Law shall not apply to contracts on:

- 1) loans in the amount of less than KM 400.00 and more than KM 150 000.00;
- 2) leases where the possibility of the lessee acquiring ownership rights over the leasing object is not contracted;
- 3) loans via a current account (overdraft) with the obligation of repayment within 30 days;
- 4) loans concluded in settlement proceedings before the court or before any other authority specified by the law;
- 5) postponing the payment of existing debt under a loan, without additional fees;
- 6) loans for which there is no obligation to pay any fees and contracts under which the loan must be repaid within three months;
- 7) loans secured by liens on movable property, if the user's responsibility is strictly limited to the value of the pledged item;
- 8) financial deals with permanent commission, under which the trader is obliged to deliver a particular type of goods or provide a particular service to the user in the long run, and the user is obliged to pay for it in installments for the duration of the delivery of goods or provision of the service;
- 9) loans for which the claim is secured by a mortgage on real estate or other comparable means of insurance on real estate, i.e. other right on real estate, with the exception of loan agreements whose purpose it is to renovate existing buildings or increase their value;
- 10) loans in cases when the loan is intended for the acquisition or retention of ownership rights to the existing or planned property/building;
- 11) loans related to loans approved to the immediate public in accordance with legal provisions for the common interest and at lower interest rates than those prevailing on the market or exempted from interest payments or in accordance with some other conditions that are more favourable for the user than those prevailing on the market and at interest rates that are not higher than those prevailing on the market;

(2) In the event of a loan agreement in the form of a contract on account overdraft and in cases when the loan must be repaid on demand or within three months, only Art. 1 to 3, Article 7, Article 13, Paragraph (1), Article 13, Paragraph (2), Items 1), 2) and 7), Art. 11 and 16, Article 30, Paragraph (2), Art. 40, 42 and 45 apply.

Reference to Other Regulations

### Article 4

When it comes to user protection-related issues which are not regulated by this Law, the provisions of the regulations governing the protection of users, the business operations of

banks, credit organisations, leasing companies, i.e. payment operations in KM and foreign currencies, as well as the provisions of the law regulating obligations apply.

#### Article 5

(1) Financial services providers shall ensure the protection of the rights and interests of users by adopting and consistently applying general business conditions and other internal documents that must be harmonised with the regulations and based on good business practices and the fair treatment of users, adhering to the principle of the protection users, with the rights being as follows:

- 1) equal relationship between users and financial services providers,
- 2) protection against discrimination,
- 3) information,
- 4) contracting obligations that are determined or determinable and
- 5) complaint and damages.

(2) Financial services providers shall adhere to the principles referred to in Paragraph (1) of this Article at all stages of establishing a relationship with the user (advertising, negotiating stage and the submission of the draft contract, conclusion of the contract, use of the service and duration of the contractual relationship).

#### Advertising

#### Article 6

The conditions of using financial services must be advertised in a clear and understandable manner, and inaccurate and untrue information, or information that could mislead the average user, may not be used when advertising, nor may information that could give a false impression regarding the conditions of using the service and lead the user to make a decision they would not have made under different circumstances be used, nor may data that is harmful or is likely to be harmful to some other services provider be used.

#### Contracting Rules

#### Article 7

(1) The contract on the use of a financial service, which is concluded with the user, is to be in written form.

(2) Each contracting party receives a copy of the contract.

(3) The contract may not contain provisions under which the user waives the rights guaranteed to them by this law.

#### Article 8

(1) A financial contractual obligation must be determined or determinable.

(2) A financial contractual obligation is determinable by amount if the contract contains information with the help of which its level can be determined, i.e. if it depends on contractual variable elements, i.e. variable and fixed, with the variable elements being those that are officially published (reference interest rate, consumer price index, etc.).

(3) A financial contractual obligation is determinable in terms of time if its maturing can be determined on the basis of the contractual elements.

(4) The elements referred to in Paragraphs (2) and (3) of this Article shall be of such a nature that they are not affected by the unilateral will of either of the contracting parties. Unilateral will does not denote the financial services provider's notice to the user regarding changes in the contractual elements that are considered variable and their application, and which the financial services provider cannot influence.

(5) The contracts cannot contain general guiding norms on business policy when it comes to mandatory elements of the contract provided for in the law.

(6) The financial services provider shall determine the financial contractual obligation in the manner prescribed by the provisions of this Article.

(7) When the financial contractual obligations in terms of the conditions of providing and using services is vague or indeterminate, the contract shall be considered null and void.

(8) If the parties settle their relations in the presence of a defect of will or under threat, in the case of essential misrepresentation or fraud in accordance with the law regulating obligations, the other conscientious party may seek an annulment of the contract and compensation for damages.

## General Business Conditions

### Article 9

(1) The general business conditions of financial services providers, in terms of this Law, denote the business conditions applicable to users, the conditions for establishing relationships between users and financial services providers and the communication process between them, as well as the conditions for doing business between the user and the provider of this service.

(2) By means of the general business conditions, the financial services provider shall ensure the application of good business customs, good business practices and the fair treatment of users, as well as the compliance of these conditions with regulations.

(3) The Agency shall prescribe the minimum requirements in terms of content, comprehensibility and accessibility of the general and special business conditions.

### Article 10

The financial services provider shall, in its offices and on its website, no later than 15 days prior to their application, ensure that the user be familiarised with the general business conditions in one of the languages in official use in the Federation of Bosnia and Herzegovina, provide them with appropriate explanations and instructions related to the application of these conditions in connection with a certain financial service and, at their request, submit these requirements in written form or on another durable data carrier.

## Annual Effective Interest Rate

### Article 11

(1) The effective interest rate is the discount rate that equalises, on an annual basis, the present value of all cash flows, i.e. the present value of all income with the present value of all expenses based on the use of financial services, which are known at the moment of disclosure of these rates.

(2) Cash flows referred to in Paragraph (1) shall include:

1) all repayments and payments of loans/microloans/leases/cash deposits;

- 2) expenses that the user of financial services pays or that the financial services provider pays on behalf of and for the user's account, with a refund (e.g. interest, fees, taxes, etc.), i.e. received benefits (interest and other unconditional benefits);
  - 3) costs associated with lateral services that represent a requirement for the use of the financial service, i.e. for its use in certain ways (e.g. the cost of life insurance, property and persons, etc.).
- (3) If a requirement for the use of financial services is to open an account, the cash flows referred to in Paragraph (1) shall include the costs of opening and maintaining that account, as well as all costs related to handling those cash flows.
- (4) The cash flows referred to in Paragraph (1) shall not include:
- 1) costs incurred due to non-compliance with contractual provisions;
  - 2) costs related to the purchase of goods incurred regardless of whether the payment is made in cash or otherwise;
  - 3) the cost of security instruments.
- (5) The calculation of the effective interest rate is based on the following assumptions:
- 1) the financial service contract shall remain in force during the contract period;
  - 2) the contracting parties shall fulfill their contractual obligations and shall do so within the periods of time specified in the contract;
  - 3) the nominal interest rate and other costs shall remain unchanged until the end of the contract period.
- (6) The bank, the microcredit organisation and the lessor shall calculate the effective interest rate in a single, prescribed way in order to compare the same type of offer of different financial services providers.
- (7) The Agency shall specify the conditions and manner of calculating the effective interest rate.

## Request for Minimum Professional Qualification

### Article 12

- (1) Employees who are involved in the sale of financial services and advising users are required to possess relevant qualifications, knowledge and experience, professional and personal qualities, to act in accordance with good business practices and business ethics, respecting the character and integrity of the user, as well as to completely and accurately inform users of the conditions for the use of those services.
- (2) Financial services providers shall ensure that employees who are involved in the sale of these services or advising users have the adequate qualifications and shall ensure the training of these employees.

## II. BANKING SERVICES, MICROLENDING SERVICES AND LEASING

### Information in the Pre-Contractual Stage

#### Article 13

- (1) The bank, microcredit organization and lessor shall, when advertising deposit, loan, microloan services and leasing operations in cases when the advertising message includes the interest rate or other reference data disclosing the price of the financial service and related to price or income, clearly and precisely, using a representative example, list:
  - 1) the type of cash deposit/loan/microloan/leasing object;

- 2) the amount and variability of the annual nominal interest rate;
  - 3) the effective interest rate;
  - 4) the currency in which the cash deposit/loan/microloan/leasing is contracted;
  - 5) the periods for which the cash deposit/loan/microloan/leasing is contracted;
  - 6) the criteria for indexing cash deposits/loans/microloans/leasing;
  - 7) the total amount of the cash deposit/loan/microloan/leasing;
  - 8) all other costs borne by the user.
- (2) When advertising leasing, the lessor shall, in addition to the data referred to in Paragraph (1) of this Article, list the following information:
- 1) the gross purchase value of the leasing object, the amount of the share and the amount of net financing;
  - 2) the number and amount of leasing fees, as well as the period in which installments are due for payment (monthly, quarterly, etc.).
- (3) In the case of advertising as referred to in Paragraphs (1) and (2) of this Article, the amount of the effective interest rate should be indicated, i.e. written in such a way that it is more noticeable than other elements.
- (4) Advertising as referred to in Paragraphs (1) and (2) of this Article denotes advertising in terms of the law regulating advertising in the media, in the premises of banks, microcredit organisations and leasing companies (brochures, advertising leaflets, etc.) or on the website.

#### Article 14

- (1) If the conclusion of a loan, microloan or leasing agreement also requires the conclusion of a contract on lateral services (especially an insurance contract), with the price of the lateral service not being determinable in advance, the existence of such obligations is to be stated clearly, concisely and in a visible manner, together with the disclosure of the effective interest rate.
- (2) When advertising, it is prohibited to use expressions indicating that a loan, microloan or lease is free or similar terms if the approval of that loan, microloan or lease is conditioned by the conclusion of another contract or is conditioned by anything representing an expense to the user or creating another obligation.

#### Informing Users in the Negotiation Stage

#### Article 15

- (1) The bank, microcredit organization and lessor shall provide information on the requirements and all the essential characteristics of the service offered in the form of a standard information sheet, using a representative example of services, in written or electronic form and related to the contract on the cash deposit/loan/microloan/lease with respect to the permitted account overdraft, i.e. opening and maintenance, as well as with respect to the contract on payment card issuance and use (hereinafter: offer) in a manner that will enable the user to compare the offers of different providers of the same services and assess whether a contract suits their needs and financial situation, but that will not mislead the user at any given moment.
- (2) The information sheet referred to in Paragraph (1) of this Article shall contain:
- 1) the type of service (description/characteristics of the financial service offered)
  - 2) the business name and address of the service provider,
  - 3) the amount of services, currency code and terms of use,
  - 4) the duration of the contract,

- 5) the level and variability of the nominal interest rate,
  - 6) the effective interest rate and the total amount that the user should pay, i.e. should be paid,
  - 7) the amount and number of loan installments and the periods in which they are due for payment (monthly, quarterly, etc.),
  - 8) the costs of maintaining an account or multiple accounts that will be used to record payment transactions and the withdrawal of funds, unless that account opening is not only an offered option together with the costs of using a specific means of repayment both for payment transactions and for the withdrawal of funds, and all other fees and costs arising from the contract, along with the determination of whether they are fixed or variable and the conditions under which can be changed,
  - 9) information in the event of an obligation to use notary services when concluding contracts,
  - 10) information on the obligation of concluding a contract on lateral services related to the basic contract, especially when the conclusion of such a contract is required in order to obtain the service under the terms of the ad,
  - 11) the interest rate applied in the event of a late settlement of obligations and rules for its adjustment, as well as other fees that are paid in the event of default,
  - 12) security instruments for the fulfillment of obligations, if needed,
  - 13) the amount of compensation for early repayment,
  - 14) the user's right to obtain a free copy of the draft contract at their request, unless the bank believes that the conditions for establishing a relationship with the user in a legal transaction are non-existent at the time of the submission of the user's application,
  - 15) the period in which the bank is obliged by the information given in the negotiation stage,
  - 16) the requirements for making a cash deposit at the bank, if that is a condition for loan approval, and the possibility and terms of repaying the loan with the cash deposit.
- (3) All data and information related to the service the bank offers must be written in the same font size and be equally visible on the standard information sheet.
- (4) The Agency may prescribe additional elements of the standard information sheet, depending on the type of service being presented to the user as an offer.

## Content of Contracts on Banking Services, Microlending Services and Leasing

### Obligation to Assess Creditworthiness

#### Article 16

- (1) Prior to the conclusion of the loan/microloan agreement or leasing arrangement, the bank, microcredit organisation or lessor shall assess the creditworthiness of the user, guarantor or any other person personally ensuring that the user's obligations will be met on the basis of appropriate documentation and data obtained from the user, examining the credit registries, along with the prior written consent of the person to whom the data from the registry refers, as well as public registries and databases.
- (2) Prior to the conclusion of the loan/microloan agreement or leasing arrangement, the financial services provider shall, with the prior written consent of the user, guarantor or any other person personally ensuring that the user's obligations will be met, mutually inform and familiarise them with the documentation and information obtained in the process of assessing creditworthiness.
- (3) The provisions of Paragraphs (1) and (2) this Article shall not apply in cases where such data communication is expressly prohibited by special compulsory regulations or is contrary to public policy objectives.
- (4) If the contracting parties agree that the credit debt of the user as debtor be increased, the



financial services provider shall re-assess the creditworthiness of the user, guarantor or any other person personally ensuring that the user's obligations will be met prior to any significant increase in the total loan amount. A significant increase in the total loan amount denotes an increase in the total loan amount by more than 10%.

(5) If one person does not consent to the obtained information and documentation for assessing their creditworthiness being communicated to the other parties, the creditor is required to let the other parties know about this fact.

(6) If the application for a loan, microloan or lease is rejected on the basis of a look into the database referred to in Paragraph (1) of this Article, the financial services provider shall, at the user's request and free of charge, submit the report of the central credit registry on the basis of which a negative decision was made regarding their application when excluding the documentation submitted to the bank, i.e. the lessor by the user, along with the application for the use of the financial service.

(7) The Agency shall prescribe the conditions for assessing and documenting the creditworthiness of the user and other persons in the credit business.

(8) If the financial services provider ensures the user's fulfillment of obligations under the terms of the loan, microloan or leasing approval with a guarantee, they shall familiarise the guarantor in the negotiating stage with the object of the guarantee, the form of the guarantee required by the agreement, the volume of the guarantor's obligation to which they commit themselves by giving a statement on guaranteeing, as well as present all information to them, i.e. make available all essential elements of the agreement which clearly indicate the rights and obligations of the contracting parties and, at their request, free of charge, submit a draft agreement for consideration outside the financial services provider's business premises.

## Loan and Microloan Agreement

### Article 17

(1) Required elements of the loan and microloan agreement are:

- 1) the type of loan/microloan;
- 2) the period for which the loan/microloan is being granted;
- 3) the business name, the name and address of the contracting parties;
- 4) the amount of the loan/microloan to be approved and the conditions of the withdrawal of funds;
- 5) when it comes to loans indexed in a foreign currency – the currency in which the bank or microcredit organisation indexes the loan/microloan, the type of exchange rate to be applied when granting and repaying the loan/microloan (the buying or selling rate of the Central Bank of Bosnia and Herzegovina or the official middle exchange rate, or the buying or selling rate of the bank) as well as the date of calculation;
- 6) the level of the nominal interest rate, along with a determination of whether it is fixed or variable, and if it is variable – elements on the basis of which it is determined (reference interest rate, consumer price index, etc.), their level at the time of the conclusion of the agreement, the periods in which they will change, as well as a fixed element if contracted;
- 7) the effective interest rate and the total amount that the user should pay, calculated on the date of the agreement being concluded;
- 8) the loan/microloan repayment plan and the user's right to obtain the plan free of charge for the duration of the agreement in the event of changes in the repayment plan, or once a year, if this change didn't take place; if the interest and costs are being repaid without the simultaneous repayment of the principal – the repayment plan should contain only deadlines and the conditions for interest and cost repayment;

- 9) the method applied when it comes to the calculation of interest (compound, proportional, etc.);
  - 10) the default interest rate at the time of the conclusion of the agreement, which is to be applied in the event of a late settlement of obligations and rules for its adjustment, as well as any other fees to be paid in the event of default;
  - 11) a warning about the consequences in the event of default, conditions, procedures and consequences of the cancellation or termination of the loan agreement in accordance with the law regulating obligations, as well as a notice of the conditions and manner of the assignment of claims in the event of default;
  - 12) the type and amount of all fees paid by the loan/microloan user, specifying whether they are fixed or variable, and if they are variable, the periods of time in which the bank will change them as well as the type and amount of other costs (taxes, fees to competent authorities, etc.);
  - 13) the types of security instruments, the possibility of their exchange during the loan/microloan repayment period, as well as the conditions for activating these instruments in the event of default;
  - 14) the conditions and manner of early loan/microloan repayment and the amount of fees related to that;
  - 15) the right of users to withdraw from the agreement, the conditions and manner of withdrawal;
  - 16) the right to complaint and the possibility of initiating mediation proceedings for the purpose of out-of-court settlements of disputes.
  - 17) a provision on the obligation to use and pay for the costs of notary services, if needed.
- (2) The total cost of the loan/microloan for the user includes interest, fees, taxes and all other fees and costs directly related to the approval and use of the loan/microloan and included in the calculation and disclosure of the effective interest rate.
  - (3) The total amount the user has to pay is the sum of the loan/microloan amount and the total cost of the loan/microloan borne by the user.
  - (4) When disbursing the loan/microloan, the bank or microcredit organisation shall give the user, along with the agreement, a copy of the loan/microloan repayment plan, which is considered an integral part of the agreement, while the bank or microcredit organisation keeps a second copy of this plan in their documentation.

## Leasing Arrangement

### Article 18

- (1) A leasing arrangement must contain all the required elements in accordance with the Law on Leasing.
- (2) In the case of leasing arrangements, interest, fees and other costs, if variable, must depend on the contracted elements that are officially published (reference interest rate, consumer price index, etc.) and whose nature is such that their value cannot be affected by unilateral will of either of the contracting parties.
- (3) When concluding a leasing arrangement, the lessor shall, along with the arrangement, give the user a copy of the leasing repayment plan and an overview of mandatory elements of the lease, which contains basic information about the lease and which is considered an integral part of the arrangement. The lessor keeps a second copy of this plan, i.e. the overview, in their documentation.

## Revolving Loan Agreement

## Article 19

(1) A revolving loan agreement is a contract by which a bank makes a certain amount of money available to the user for a certain period of time, with them being able to use it at any given moment in the approved period. The loan is approved as an indicative amount. Any use reduces the available funds, and loan repayment restores them to the approved indicative amount.

(2) The user is entitled to terminate the revolving loan agreement in the usual manner at any given moment and free of charge, unless a notice period that may not exceed one month was contracted.

(3) The bank may terminate the revolving loan agreement if it was contracted in such a way, with the obligation to notify the user in written form at least 30 days in advance or if the user withdraws funds contrary to the revolving loan agreement and after a temporary denial.

(4) The bank may, for justified reasons (unauthorised use of the loan as referred to in Paragraph (1) of this Article, a significant deterioration in the user's creditworthiness, etc.) and if it was contracted in such a way, reduce the amount that is being made available to the loan beneficiary, as well as temporarily or permanently deny the user the right to withdraw funds, while being required to notify the user of the reasons for the denial in written or electronic form, immediately or within the next three days if possible, unless in cases when the provision of such notices is prohibited by other regulations.

### Contract on Payment Card Issuance and Use

## Article 20

(1) The contract on payment card issuance and use shall contain the following mandatory elements:

- 1) the name and address of the contracting parties;
- 2) the characteristics, method of use and limitations of use of the card;
- 3) the user's manner of conduct regarding the safe use of the card;
- 4) the percentage of minimum monthly payment obligations related to the credit card;
- 5) the currency in which the debt is calculated per card;
- 6) a notice of the existence of fees for cash withdrawals from ATMs of other banks;
- 7) the manner of the user's conduct if they observe unauthorised use of data from the card, damage, theft or loss of the card,
- 8) the manner of the user and the bank's conduct if the card is blocked;
- 9) the responsibility and obligatory conduct of the user and the bank that issued the card in the event of theft or loss of the card or in the event of unauthorised use of data from the card;
- 10) the user's right to withdraw from the contract, the conditions and manner of withdrawal;
- 11) the right to complaint and the possibility of initiating mediation proceedings for the purpose of out-of-court settlements of disputes.

(2) The contract referred to in Paragraph (1) of this Article shall, in addition to the elements referred to in that paragraph, also include the elements referred to in Article 17, Paragraph (1) of this Law, with the exception of the element referred to in Item 8) of that Paragraph.

### Contract on Cash Deposits and Savings Deposits

## Article 21

(1) The cash deposit contract shall contain the following mandatory elements:

- 1) the type of cash deposit or savings deposit and the period for which the bank will receive a cash deposit or savings deposit;
  - 2) the amount of funds the bank will receive in a cash deposit;
  - 3) the currency in which the client is making a deposit and the bank is disbursing funds on behalf of the cash deposit (convertible mark, etc.), the type of exchange rate applied when making a deposit or paying cash deposits (the official middle exchange rate) in the case of cash deposits with a currency clause, as well as the date of calculation;
  - 4) the amount of the nominal annual interest rate, indicating whether the user is obligated to pay taxes;
  - 5) the effective interest rate and the total amount to be paid to the user, calculated on the date the contract was concluded;
  - 6) unconditional benefits that the bank provides in connection with a cash deposit;
  - 7) the variability of the nominal interest rate (fixed or variable);
  - 8) elements on the basis of which the contracted variable nominal interest rate is determined, their level at the time of the conclusion of the contract and the periods in which they will be changed, as well as a fixed element if contracted;
  - 9) the method applied when it comes to the calculation of interest (compound, proportional, etc.);
  - 10) the manner in which and the conditions under which the user can access the funds of the cash deposit;
  - 11) the type and amount of all fees paid by the depositor, specifying whether they are fixed or variable, and if they are variable, the periods in which the bank will change them, as well as the type and amount of other costs (taxes, fees to competent authorities, etc.);
  - 12) the conditions and manner of the automatic extension of term deposits;
  - 13) the amount of the insured cash deposit;
  - 14) the conditions under which the cash deposit or savings deposit can be accessed before the expiry of the period for which the bank received a cash deposit or savings deposit, as well as documentation showing that these conditions have been met;
  - 15) the right to complaint and the possibility of initiating mediation proceedings for the purpose of out-of-court settlements of disputes.
- (2) In the case of cash deposit contracts, fees and other costs, if variable, must depend on the contracted elements that are officially published (reference interest rate, consumer price index, etc.) and whose nature is such that their value cannot be affected by the unilateral will of either of the contracting parties.
- (3) When concluding a cash deposit contract, the bank shall, along with the contract, give the user a copy of the overview of mandatory elements of the cash deposit, which contains basic information about the cash deposit and which is considered an integral part of the contract. The bank keeps a second copy of this overview in its documentation.
- (4) When concluding a savings deposit contract, the Bank is obliged to issue a savings book to the user.
- (5) In the case of an automatic extension of the term cash deposit, the bank shall, no later than 15 days before the expiry of the fixed term, inform the user of the period of time for which the cash deposit contract is being extended as well as of the new interest rate, and the user has the right to terminate the contract within 30 days of receiving such notice, free of charge and at the interest rate contracted for the expired fixed term.
- (6) The provisions of this Article shall also apply to savings deposits.

Contract on Opening and Maintaining an Account

## Article 22

(1) In addition to the elements laid down in the regulations governing payment operations, the contract on opening and maintaining an account shall include the following mandatory elements:

- 1) the type and amount of all fees and other costs borne by the user, specifying whether they are fixed or variable, and if variable, the periods in which the bank will change them;
- 2) information on whether the bank pays interest, the interest rate at which the bank calculates interest, specifying whether it is fixed or variable and, if variable, the elements whose change affects changes in the interest rate, the periods in which the Bank will change them, the manner of change, reasons for the change, as well as the method used when calculating the interest (compound, proportional, etc.);
- 3) the interest rate and additional costs calculated in the event of an overdraft that was not agreed upon;
- 4) information on the conditions and manner of the assignment of claims to the user in the event of default;
- 5) the right to complaint and the possibility of initiating mediation proceedings for the purpose of out-of-court settlements of disputes.

(2) If the bank raises fees and other costs referred to in Paragraph (1), Item 1) of this Article above the contracted amount, it shall inform the user no later than 15 days prior to the application of the revised fees or other costs.

(3) In the event of a cancellation of the contract, the user can, after settling account obligations and free of charge, request to transfer the funds to another bank or to withdraw the funds in cash and close the account, and the bank is obliged to enable this.

## Article 23

If the cash deposit or current account contract also stipulates the issuance and use of payment cards, the contract shall also include the following mandatory elements:

- 1) the currency in which the debt is calculated per card,
- 2) a notice of the existence of fees for cash withdrawals from ATMs of other banks,
- 3) the rights and obligations, the manner of the user's conduct if they observe unauthorised use of data from the card, damage, theft or loss of the card,
- 4) the rights and obligations, the manner of the user and the bank's conduct if the card is blocked and
- 5) the responsibility of the user and the bank that issued the card in the event of theft or loss of the card or in the event of unauthorised use of data from the card.

### Variable Nominal Interest Rate

## Article 24

(1) The variable nominal interest rate is the interest rate whose amount depends on the contracted variable elements, i.e. variable and fixed elements, bearing in mind that the variable elements are the ones that are officially published (reference interest rate, consumer price index, etc.). The unilateral will of either of the contracting parties cannot affect the variability of the interest rate.

(2) Only one variable element can be changeable in individual loan/microloan agreements and leasing arrangements.

(3) Provisions on the variable interest rate should contain a two-way clause.

(4) The bank, microcredit organisation or lessor shall determine the variable nominal interest rate in the manner stipulated in Paragraph (1) of this Article.

(5) In their offices, the bank, microcredit organisation or lessor shall prominently display a notice and make available data on the trends of the value of the contracted variable elements referred to in Paragraph (1) of this Article.

## Contract on Other Banking Services

### Article 25

(1) Contracts on guarantees, avals, letters of credit, safes, as well as other contracts on operations the bank conducts in accordance with the law must contain the type and amount of all fees and other costs borne by the user.

(2) The Agency may prescribe mandatory or additional elements of the contract on other banking services.

## Right to Withdrawal

### Article 26

(1) The financial services provider cannot make the loan funds available to the user prior to the expiration of a period of 14 days from the date the contract was concluded, except at the explicit request of the user.

(2) The user has the right to withdraw from the concluded loan/microloan agreement, financial leasing arrangement, contract on permitted account overdraft, contract on payment card issuance and use within 14 days of signing the contract without giving a reason for the withdrawal.

(3) In the case of loan/microloan agreements secured by a mortgage as well as in the case of purchase agreements or real estate purchase agreements, the user can withdraw from the contract provided that they have not started using the loan/microloan or financing.

(4) When withdrawing from the contract referred to in Paragraph (2) of this Article and before the expiry of the deadline referred to in that Paragraph, the user shall inform the Bank, microcredit organisation, lessor or trader of their intention to withdraw in a manner that confirms the receipt of this notice, with the date of receiving the notice being considered the date of withdrawal from the contract. This notice shall be submitted in written form.

(5) A user that withdraws from a loan/microloan agreement, contract on permitted account overdraft and contract on payment card issuance and use shall immediately and within 30 days of sending the notice referred to in Paragraph (4) of this Article return to the bank the principal and the interest from the main operation during the use of the loan/microloan.

(6) A user that withdraws from a leasing arrangement with the option of purchasing the leasing object shall return the leasing object to the lessor immediately after sending the notice referred to in Paragraph (4) of this Article. The user referred to in this Paragraph shall immediately and within 30 days of sending the notice referred to in Paragraph (4) of this Article compensate the lessor for damages incurred if the value of the leasing object was reduced as well as pay the contracted interest from the main operation from the date the contract was concluded to the date of paying the interest.

(7) A user that withdraws from a financial deal with a trader shall immediately return the purchased object to the trader. The user referred to in this Paragraph shall immediately and within 30 days of sending the notice referred to in Paragraph (4) of this Article compensate

the trader for damages incurred if the value of the purchased object was reduced as well as pay the contracted interest from the main operation from the date the deal was concluded to the date of paying the interest.

(8) Service providers are not entitled to other fees in addition to the fees referred to in Paragraphs (5) to (7) of this Article and the costs incurred by competent authorities, and in the case of Paragraph (3) of this Article, a bank or microcredit organisation is entitled to compensation for actual costs incurred as a result of the conclusion of the loan agreement.

(9) The user must be familiarised with the actual costs referred to in Paragraph (8) of this Article before the conclusion of the financial deal.

(10) If the service providers referred to in Paragraph (4) of this Article or a third party on the basis of a contract with these providers also provide lateral services in connection with the financial services referred to in Paragraphs (2) and (3) of this Article, the user is no longer bound by the contract on lateral services if the user exercises their right to withdraw from the primary contract in accordance with this Article, except in cases when the user has started using the aforementioned service in accordance with the other contract. The loan beneficiary must explicitly state that they are withdrawing from the lateral services as well in a written withdrawal in accordance with Paragraph (4) of this Article.

## Early Repayment

### Article 27

(1) The user has the right to repay the loan at any given moment, in whole or in part, prior to the repayment deadline, while being entitled to having the total cost of the loan reduced by the amount of interest and the costs for the remainder of the contract (prepayment), but also being required to inform the bank in advance within the contracted period of their intention to prepay the loan.

(2) In the event of early loan repayment, the bank has the right to a objectively justified and contracted compensation for costs directly related to the early loan repayment, provided that the prepayment is carried out in the period during which the fixed nominal interest rate was applied and in the case of loan agreements for the purchase of real estate if a fixed or variable nominal interest rate was contracted and if the amount of early loan repayment in the period of one year exceeds KM 20 000.00.

(3) The fee referred to in Paragraph (2) of this Article can be contracted up to the amount of damages incurred due to early repayment and up to a maximum of 1% of the amount of the prepaid loan if the period between the early repayment and the deadline for meeting the obligations from the loan agreement is longer than one year. If this period is shorter than one year, the fee cannot exceed 0.5% of the prepaid loan.

(4) The bank cannot demand compensation for early repayment:

1) if the repayment was made on the basis of a concluded insurance contract intended to ensure the repayment of the loan,

2) if the repayment is made during a period for which a variable nominal interest rate was contracted, with the exception of loans for the purchase of real estate and

3) in the case of a permitted account overdraft.

(5) The fee for early loan repayment cannot in any case exceed the amount of interest the user would pay for the period of time from the repayment date to the date on which the loan should have been repaid under the agreement.

(6) The Agency may prescribe potential additional conditions for early loan repayment.

(7) The provisions of this Article shall also apply to microloan agreements and leasing arrangements.

## Variable Mandatory Elements of the Contract

### Article 28

(1) If a bank, microcredit organisation or lessor intends to change one of the mandatory elements of the contract, they shall obtain the written consent of all participants in the loan relationship before applying that change, except when it comes to changing the variable interest rate contracted in accordance with the provisions of this Law.

(2) If the user does not consent to the changes to the mandatory elements of the contract, the bank, microcredit organisation or lessor cannot unilaterally change the terms of the contract nor can they unilaterally terminate or cancel the contract unless for reasons provided by the regulations governing obligations or if there is a change in the legislation that has an impact on determining the amount of the mandatory elements of the contract.

(3) The bank, microcredit organisation or lessor shall inform the user of the change in the data that do not represent the mandatory elements of the contract in a timely and contractually specified manner.

## Notice of Variable Nominal Interest Rate

### Article 29

(1) If a variable nominal interest rate has been contracted, the bank, microcredit organisation, or lessor shall inform the user in written or electronic form of the change in that rate and they shall do so before beginning to apply the changed rate or periodically in accordance with the contract, listing the date on which the changed rate began to be applied in that notice.

(2) In addition to the notice referred to in Paragraph (1) of this Article, a revised loan/microloan repayment schedule is submitted to the user in written form by the bank or microcredit organisation with the loan/microloan agreement, while a revised repayment plan of the leasing object is submitted to the user in written form by the lessor with the leasing arrangement.

(3) The bank, microcredit organisation or lessor shall make the plans referred to in Paragraph (2) available to the user at their request for the duration of the contractual relationship and free of charge.

(4) The duty to give notice as referred to in Paragraph (1) of this Article shall also exist in the event of a change in the variable elements that have an impact on the amount of other financial obligations.

## Notice of Debt Balance and Account Overdraft

### Article 30

(1) The financial services provider shall, free of charge and at the user's request, submit a notice of their debt balance under the loan/microloan agreement, leasing arrangement or credit card in written or electronic form.

(2) In the case of a permitted account overdraft, the bank shall submit a notice to the user at least once a month and free of charge, in written or electronic form – a statement on any changes to their account, and it shall submit that notice without delay at the user's request, along with the right to charge a fee for such a notice in accordance with the general business conditions presented to the user when signing the contract on the permitted account overdraft.

(3) The notice referred to in Paragraph (2) of this Article shall contain the following



information:

- 1) the account number,
  - 2) the period covered by the statement,
  - 3) the date of the change, a description of the change, as well as the amount and type of the change (debit or credit account)
  - 4) the previous and new account balance, as well as the date the statement was sent,
  - 5) the applied nominal interest rate,
  - 6) all the costs that were charged.
- (4) In the event of a substantial account overdraft that lasts longer than one month, the bank shall, without delay, free of charge and in written form, notify the user of:
- 1) the overdraft amount,
  - 2) the interest rate that will be applied to the overdraft amount,
  - 3) other possible costs and penalties.

#### Article 31

- (1) If the user fails to meet their obligation within the contracted period, the rules on interest rates that are applied in the event of the debtor's late settlement of obligations shall apply to the due and unsettled obligation in accordance with the regulations governing obligations.
- (2) If the creditworthiness of the user decreases in the course of the contractual relationship, i.e. if other relevant circumstances on which the user can have no effect take place, the bank, microcredit organisation and lessor may, at the user's request, declare a repayment delay (moratorium) for a certain period of time, during which the bank, microcredit organisation or lessor shall not calculate the default interest on the unpaid claim.
- (3) The Bank, microcredit organisation or lessor can stipulate criteria for declaring a repayment delay through their own business acts in accordance with the regulations of the Agency.

#### Prohibition of Collection for Payment Reminder Letters

#### Article 32

Financial services providers cannot charge warning letters for late payment of due obligations of the user under contracts referred to in this Law, including warning letters with respect to the contracts referred to in Article 3 of this Law, starting from the date of this Law's entry into force.

#### Right to the Application of Same Type of Exchange Rate

#### Article 33

The provisions of Article 17, Paragraph (1), Item 5) of this Law shall accordingly apply to the leasing agreement or cash deposit contract.

#### Right to the Same Method of Calculating Interest

#### Article 34

If the user has the obligation of making a special-purpose deposit with a contracted interest in order to obtain a loan, they have the right to apply the same method of calculating interest on

that deposit as the one that is applied to the calculation of interest on the approved loan amount, with the bank being obliged to allow them to exercise that right.

## Rights Related to Accounts

### Article 35

- (1) The user is entitled to withdraw cash funds from their account in KM or from a foreign currency account with a bank they keep that account at without paying special fees.
- (2) The user is entitled to withdraw funds from their account immediately after a recorded inflow of funds without paying special fees.
- (3) The user has the right to close their account for free.

## Rights Related to Payment Cards

### Article 36

- (1) The Bank shall ensure that the user is the only one with access to the Personal Identification Number until the receipt of the payment card.
- (2) The bank that issues the payment card bears the risk regarding the submission of the payment card and Personal Identification Number to the user.
- (3) The user shall immediately notify the Bank of a loss or theft of the payment card and request that the bank block its further use, and the bank is obliged to enable them this at any given moment.
- (4) If the bank that issued the payment card does not enable that the loss, theft or transactions made by the unauthorised use of the payment card and data from the payment card be reported at any given moment, the user does not bear the consequences of the unauthorised use, unless they or any member of their household have misused it.
- (5) The user shall bear all losses in connection with any transaction that is the result of their own misuse and also bears the losses incurred due to their failure to fulfill the obligations under the prescribed conditions of the issuance and use of payment cards, the obligation to immediately notify the bank of a loss, theft and misuse of the payment card and the obligation to adequately protect the Personal Identification Number.
- (6) The user does not bear the losses arising from transactions made after reporting the loss, theft or unauthorised use of the payment card or data from the payment card to the bank, unless they themselves misused or participated in the misuse or acted with the intent of committing fraud, which applies to the members of their household as well.
- (7) The user has the right to cancel their payment card for free.

## Assignment of Claims

### Article 37

- (1) In the case of the bank's assignment of claims under the loan agreement to another bank or some other financial institution that possesses the Agency's operating licence in accordance with the regulations (hereinafter: the receiver), the user has the same rights toward the receiver as the ones they had toward the bank and may point out complaints that they had against the bank under the loan agreement to the other receiver, in addition to complaints they have against them, and the receiver cannot put the user in a less favourable position than the position they would have been in if that claim had not been assigned and therefore the user

cannot be subjected to additional costs.

(2) The bank shall inform the user of the assignment of claims referred to in Paragraph (1) of this Article, unless it continued to collect the user's assigned claim from the loan on behalf of and for the account of the receiver.

(3) The provisions of this Article shall accordingly apply to claims referred to in the microloan agreement and leasing arrangement, the contract on permitted account overdraft, the contract on payment card issuance and use, and the contract on account opening and maintenance.

#### Contract on Overdraft on Checking Account

##### Article 38

(1) The contract on overdraft on a checking account shall include the elements referred to in Article 17 (1), with the exception of Items 6) and 8), the amount of the permitted upper limit of overdraft on a checking account, the costs paid at the time of concluding the contract as well as the conditions and procedure for terminating the contract.

(2) In the case of the contract referred to in Paragraph (1) of this Article, the bank is obliged to, by issuing and submitting copies of the statement in the contracted manner at least at the end of each year, regularly inform the user of the initial balance, changes in the account balance on the basis of payments and receipts, collection and payment, commissions and fees the bank charges for services performed, as well as the final balance of the account for the reporting period.

(3) In addition to submitting the report referred to in Paragraph (2) of this Article, the bank shall notify the user of the applied interest rates in the reporting period, as well as changes in the interest rates, fees and costs prior to their application within the period of time and in the manner determined by this Law.

(4) The account user has the right to withdraw funds from their account at the bank in the amount of available funds in the account without special fees being charged.

(5) If a bank tacitly permits an overdraft on a checking account, it shall inform the user of the amount of the nominal interest rate, the method of its calculation and other costs that will be collected from the user's checking account because of overdrafts, as well as changes in the interest rate or costs. If this overdraft lasts longer than three months, the bank shall enter into a contract on overdraft on a checking account with the user.

(6) The notice referred to in Paragraph (5) of this Article shall be submitted to the user free of charge in an account statement.

#### Related Loan Arrangements

##### Article 39

(1) If the user exercises their right to withdraw from a contract for the purchase of goods or provision of services in accordance with the law regulating consumer protection, they are not bound by a related loan agreement.

(2) In the case referred to in Paragraph (1) of this Article, the seller shall notify the bank of the withdrawal from the contract on the purchase of goods or the provision of services within eight days, and the bank shall return to the user the repaid amount of the loan principal that the user repaid up to the moment of withdrawal from that contract without delay and no later than 30 days from the date it was notified of the withdrawal.

(3) If a contract for the purchase of goods or provision of services is concluded and the loan

on the basis of a related loan agreement is not approved, the contract for the purchase of goods or provision of services is terminated.

(4) The provisions of this Article shall accordingly apply to microloan agreements and leasing arrangements.

## Unfair Contractual Provisions and Dishonest Business Practices

### Article 40

The provisions of the Law on Consumer Protection of Bosnia and Herzegovina apply to unfair contractual provisions and dishonest business practices, including the procedure for their prohibition.

## Exercising Protection of Users' Rights and Interests

### Article 41

(1) The user, guarantor or any other person personally ensuring the fulfillment of the user's obligations has the right to complaint if they believe that the financial services provider does not comply with the provisions of the law, general business conditions, good business practices and contractual duties.

(2) The financial services provider shall organise activities to resolve complaints, adopt written procedures and processes, submit a response to the complainant within 30 days of the complaint being filed, and keep accurate records of received and resolved complaints of which they shall inform the Agency in accordance with the regulations referred to in Paragraph (8) of this Article.

(3) If the financial services provider does not submit a response within the period specified in Paragraph (2) of this Article or if the complainant is not satisfied with the response, the complainant has the right to notify the Ombudsman of it in written form and file a complaint.

(4) After receiving the user's written notice or complaint, the Ombudsman shall ask the financial services provider to comment on the allegations in the notice or complaint within eight days.

(5) If the service provider fails to comment within the specified period of time or comments, but the Ombudsman decides that there is no violation of the provisions of this law regulating the protection of users, for which there are penalties, the Ombudsman, user or financial services provider can propose that mediation proceedings in the dispute be initiated.

(6) If, on the basis of the facts from the written notice or user complaint and after the financial services provider's comment on these facts, the Ombudsman assesses that there has been a violation of the provisions of this law governing the protection of users, for which there are penalties, they will forward the case to the competent organisational unit of the Agency for further action.

(7) The financial services provider shall cooperate with the Ombudsman in order to resolve and overcome disagreements and disputes on the basis of complaints in a fair and expeditious manner.

(8) The Agency shall prescribe the conditions and manner of filing a complaint as referred to in Paragraph (1) of this Article, the bank's manner of handling complaints and informing the Agency, as well as the Agency's conduct after receiving a notice and complaint as referred to in Paragraph (3) of this Article.

### Article 42

The financial services provider shall grant the Agency and other control authorities authorised by a special law access to a review of completed service agreements with customers, give them copies of the aforementioned, as well as submit other information and documentation to them that is required for supervision.

### III. FINANCIAL DEALS OFFERED BY THE TRADER

#### Advertising and Offer

##### Article 43

(1) When advertising and offering financial deals offered by the trader (hereinafter: financial deals), and in particular sales that are repaid in installments, the trader must provide information on particular goods or services, the cash price and the amount paid in advance on behalf of the share or the first installment.

(2) If a sound financial deal for the purchase of goods with an interest rate of 0% is advertised, all the benefits that a user has when paying the price of the goods in cash.

(3) If a sale that is repaid in installments is, in accordance with this law, considered lending to the user, the difference between the price of the purchase on deferred payment and the price of the purchase for cash must be disclosed in percentages.

#### Appropriate Application

##### Article 44

The provisions of Title II of this Law apply to financial deals, with the exception of the provisions of Art. 41 and 42 of this Law.

### IV. SUPERVISION

##### Article 45

(1) The Agency shall supervise financial services providers in accordance with this Law and laws regulating banks, microcredit organisations and lessors.

(2) The body responsible for consumer protection shall supervise the providers of financial deals in accordance with the law regulating consumer protection.

### V. PENAL PROVISIONS

##### Article 46

(1) A fine in the amount of KM 5 000.00 to KM 10 000.00 will be imposed on a bank, microcredit organisation or lessor if:

1) contracts include a guiding norm to the business policy when it comes to those elements that are provided by this law as mandatory elements of the contract (Article 8, Paragraph (5) of this Law);

2) they act contrary to the provisions of Article 8, Paragraph (6) of this Law;

3) the loan agreement does not contain the mandatory elements referred to in Article 17 of this Law;

4) the leasing arrangement does not contain the mandatory elements referred to in Article 18

- (1) of this Law;
- 5) the contract on payment card issuance and use does not contain the mandatory elements referred to in Article 20 (1) and Article 23, Paragraph (1) of this Law;
- 6) the cash deposit contract does not contain the mandatory elements referred to in Article 21 (1) of this Law;
- 7) the contract for opening and maintaining an account does not contain the mandatory elements referred to in Article 22, Paragraph (1) of this Law;
- 8) they contract a variable nominal interest rate contrary to Article 24, Paragraph (1) and (2) of this Law or fail to comply with the contracted conditions;
- 9) they charge a fee for early repayment contrary to Article 27 of this Law;
- 10) they fail to obtain the written consent for changing the mandatory elements of the contract, i.e. unilaterally change the conditions of the contract or unilaterally terminates or cancel the contract (Article 28 of this Law);
- 11) they do not notify the user of changes in the contractual variable nominal interest rate and variable elements that affect the amount of other financial obligations prior to their application or periodically in accordance with the contract and do not indicate the date these elements began to be applied (Article 29, Paragraphs (1) and (4) of this Law);
- 12) they do not submit the changed loan repayment plan/leasing fee free of charge along with the notice of the changed nominal interest (Article 29, Paragraphs (2) and (3) of this Law);
- 13) they do not apply the same official rate when approving loans/leases indexed in foreign currency or when they are being repaid (Article 17 (5), Item 1) and Article 33 of this Law);
- 14) they charge warning letters contrary to Article 32 of this Law;
- 15) they do not apply the same method of calculating interest to a deposited special-purpose deposit as the one that is applied to the calculation of interest on the approved loan amount (Article 34 of this Law);
- 16) they do not allow the user to withdraw funds from their account in cash or foreign cash without charging special fees (Article 35, Paragraph (1) of this Law);
- 17) they do not allow the user to withdraw funds from their account immediately after a recorded inflow of funds without charging special fees (Article 35, Paragraph (2) of this Law);
- 18) they charge the user a fee for closing their account (Article 35, Paragraph (3) of this Law);
- 19) they charge the user a fee for cancelling their payment card (Article 36, Paragraph (7) of this Law);
- 20) they assign a claim contrary to Article 37 of this Law;
- 21) the contract on permitted account overdraft does not contain the mandatory elements referred to in Article 38 (1) of this Law.
- (2) For the actions referred to in Paragraph (1) of this Article, a fine in the amount of KM 1 000.00 to KM 3 000.00 will also be imposed on the responsible persons in the bank, microcredit organisation or leasing company.

#### Article 47

- (1) A fine in the amount of KM 10 000.00 to KM 15 000.00 will be imposed on a bank, microcredit organisation or lessor or a trader that is a legal entity if:
- 1) the financial services not advertised in a clear and understandable manner, or if the advertising contains incorrect information or information that may be misleading regarding the conditions under which the user uses these services (Article 6 of this Law);
- 2) the contract is not in written form (Article 7 (1) of this Law);
- 3) not every contracting party receives a copy of the contract (Article 7 (2) of this Law);
- 4) the general business conditions do not ensure the application of good business customs,

- good business practices and a fair attitude toward the user, as well as the harmonisation of these conditions with the regulations (Article 9, Paragraph (2) of this Law);
- 5) they fail to ensure that the user be familiarised with the general business conditions on the business premises of the bank, microcredit organisation or lessor or trader in one of the languages in official use in the Federation of Bosnia and Herzegovina, no later than 15 days prior to their application, i.e. they fail to provide them with appropriate explanations and instructions related to the application of these conditions in connection with a certain financial service and fail to, at his request, submit these requirements in written form or on another durable data carrier. (Article 10 of this Law);
  - 6) they do not calculate the effective interest rate in the prescribed manner (Article 11 of this Law);
  - 7) they fail to ensure the training of employees who are involved in the sale of financial services or giving advice (Article 12 (2) of this Law);
  - 8) when advertising deposit and lending services and leasing activities, they fail to list precisely and clearly, using a representative example, the data referred to in Article 13 of this Law;
  - 9) when advertising the effective interest rate, its amount is not indicated or written in such a way that it is more noticeable than other elements (Article 13, Paragraph (3) of this Law);
  - 10) the existence of the obligation to conclude a contract on lateral services is not disclosed clearly, concisely and in a visible manner, together with the disclosure of the effective interest rate (Article 14, Paragraph (1) of this Law);
  - 11) when advertising, they use terms indicating that loans/microloans/leasing are free or similar terms, but they do not advertise the additional costs on the basis of the conclusion of other contracts or on the basis of anything that represents an expense to the user or creates another obligation (Article 14, Paragraph (2) of this Law);
  - 12) the offer does not contain the information referred to in Article 15 (2) of this Law;
  - 13) they fail to immediately and free of charge notify the user of the results of the look into the database and the data from this base (Article 16, Paragraph (6) of the Act);
  - 14) when concluding a loan/microloan agreement, a contract on permitted account overdraft, a leasing arrangement, a cash deposit contract, they fail to submit an overview of the mandatory elements of the loan/microloan/lease/cash deposit, the loan/microloan repayment plan/leasing fee or a copy of the overview of mandatory elements of cash deposits (Article 17 (4), Article 18, Paragraph (3) and Article 21, Paragraph (3) of this Law);
  - 15) they fail to comply with Article 19 of this Law;
  - 16) they fail to fulfill the obligations referred to in Article 24, Paragraphs (2) and (4) of this Law;
  - 17) in their offices, they do not prominently display the notice referred to in Article 26 (3) of this Law;
  - 18) contracts for other banking services do not include the type and amount of all fees and other costs borne by the user (Article 25 of this Law);
  - 19) they require additional compensation from the user in addition to principal and interest in the event of the user's withdrawal from the loan/microloan agreement (Article 26 (5) of this Law);
  - 20) they require additional compensation from the user in addition to the leasing object, interest and damages incurred in the event of the user's withdrawal from a leasing arrangement (Article 26 (6) of this Law);
  - 21) they require additional compensation from the user in addition to the purchased object, interest and damages incurred in the event of the user's withdrawal from a financial deal (Article 26 (7) of this Law);
  - 22) they do not apply the rules on interest rates that are applied in the event of the debtor's late

settlement of obligations on due and unsettled obligations in accordance with the regulations governing obligations (Article 31, Paragraph (1) of this Law);

23) they do not enable the user to report of the loss, theft or transactions made by the unauthorised use of the payment card and data from the payment cards at any given moment and if they do not enable them to request that its further use be blocked (Article 36, Paragraphs (3) and (4) of this Law );

24) they fail to compensate the user for losses incurred by the unauthorised use of the payment card (Article 36, Paragraph (6) of this Law).

(2) For the actions referred to in Paragraph (1) of this Article, a fine in the amount of KM 1 000.00 to KM 2 500.00 KM shall be imposed on the trader undertaking them.

(3) For the actions referred to in Paragraph (1) of this Article, a fine in the amount of KM 1 000.00 to KM 3 000.00 will also be imposed on the responsible persons in the bank, microcredit organisation or leasing company.

## VI. TRANSITIONAL AND FINAL PROVISIONS

### Article 48

The Agency shall adopt regulations for the implementation of this Law no later than three months after the date of its entry into force.

### Article 49

Financial services providers shall harmonise their general acts with the provisions of this Law and with the regulations referred to in Article 48 of this Law no later than three months after the adoption of these regulations.

### Article 50

The Agency shall take measures against financial services providers that fail to act in the manner referred to in Article 49 of this Law in accordance with laws regulating the operations and supervision of banks, microcredit organisations and lessors.

### Article 51

This Law shall enter into force eight days following its publication in the „Official Gazette of the Federation of B&H“ and shall start being implemented six months following its entry into force.

Speaker  
of the House of Peoples  
of the Parliament of the Federation of B&H

Tomislav Martinović

Speaker  
of the House of Representatives  
of the Parliament of the Federation of B&H

Tomo Vidović