

A decorative graphic consisting of 15 yellow five-pointed stars with black outlines, arranged in a curved path that starts from the bottom left and arcs towards the top right, framing the central text.

REPUBLIC OF CROATIA
National SEPA
Migration Plan

Annex 2

January 2017

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Introduction – National SEPA Migration Plan

The National SEPA Migration Plan (published in April 2014) defines the goals, tasks and deadlines for the acceptance and implementation of SEPA standards in the execution of payment transactions in the Republic of Croatia. The National SEPA Migration Plan has foreseen that the mentioned document will be updated in accordance with changes in the planned activities, which are subject to prior adoption by the National Payment System Committee (NPSC).

Accordingly, Annex 1 (published in February 2016), among other things, established new deadlines for the migration of credit transfers and direct debits in accordance with the accepted SEPA standards.

The implementation of the HRK SCT Scheme Rules for the purpose of execution of credit transfer payment transactions began on 5 June 2016 in accordance with the planned deadlines set forth in Annex 1.

In the meantime, the National Scheme Management Board (NSMB), while monitoring preparatory activities related to the planned beginning of implementation of HRK SDD schemes from 1 February 2017, established that both banks and big billers (payees) needed additional time relative to the planned beginning of implementation to carry out the necessary adjustment of their software and organisational solutions. For this reason, at its seventh meeting, the NSMB decided to address a proposal to the NPSC to defer the beginning of implementation of the HRK SDD Core Scheme and the HRK SDD B2B Scheme to 5 June 2017.

Based on the above proposal, at its 27th meeting (on 7 December 2016), the NPSC adopted the decision supplementing the HRK SDD Core Scheme Rules (v2.0) and the HRK SDD B2B Scheme Rules (v2.0) laying down that the above Rules are to be implemented from 5 June 2017, and this National Migration Plan – Annex 2 has been prepared accordingly.

Plan of migration to SEPA Direct Debit in compliance with HRK SDD Scheme Rules

Beginning of implementation of HRK SDD Scheme Rules

The execution of direct debit services in kuna as a SEPA direct debit in compliance with HRK SDD (Core and B2B) scheme rules will begin from 5 June 2017.

Accordingly, all banks that have signed the Agreement on Adherence to at least one of the HRK SDD schemes, **from 5 June 2017**, will begin to provide the direct debit service in accordance with HRK SDD Scheme Rules and, from that date on, conclude new contracts on direct debits with payees exclusively in compliance with the new scheme.

The list of banks that have adhered to HRK SDD schemes is available at the Croatian Banking Association's website on the following link: <http://www.hub.hr/hr/registri>.

Changes of the regulatory framework

In order to prepare for the transfer of data for mandates from banks to payees, an amendment to the Payment System Act (Official Gazette 133/2009 and 136/2012) has been initiated, which allows a bank to provide a payee with all data necessary for the execution of a direct debit in compliance with the payment scheme according to which the direct debit is executed (also including the data the majority of existing mandates originally do not contain because they have not been required with regard to the existing manner of execution of direct debits, but that are available to the banks themselves, e.g. the payer's OIB (personal identification number) and the IBAN account).

Mandates for a direct debit

The HRK SDD Core Scheme Rules make giving a payer's prior mandate to a payee a condition for the provision of a direct debit payment service. Since existing direct debits (that are carried out at banks under the terms of: "mandate", "standing order", "authorised drawdown", "statement", etc.) are executed on the basis of a mandate a payer has given to its bank, and not to a payee, it is necessary that banks transfer all data to payees, which are an integral part of the mandate according to the HRK SDD Core Scheme Rules. Data transferred in this way represent the mandate, which the payer has given to the payee and this ensures the automatism of a further continued execution of existing direct debits in compliance with the new scheme.

The transfer of the above data for the purpose of migration of mandates from banks to payees and the beginning of execution of direct debits in accordance with the HRK SDD Core Scheme Rules will be carried out according to predefined dates during a two-year transitional period on five agreed dates, according to the schedule shown in Table 1.

Transitional period

With regard to the beginning of implementation of the HRK SDD Core Scheme Rules, banks will allow a transitional period in which the continuity in the execution of existing direct debits will be ensured, i.e.:

- banks will also allow the execution of existing direct debits according to the previous procedure in the transitional period in the next two years (i.e. from 5 June 2017 to 3 June 2019);
- for existing direct debits, banks will allow the migration to the HRK SDD scheme to payees, except on 5 June 2017, on four additional pre-agreed dates;
- until the time of migration to a HRK SDD scheme, banks will accept new payers for existing payees and execute direct debits for them in the existing manner;
- in the transitional period, new payees will be allowed to make direct debits only in the new manner according to the HRK SDD Core Scheme Rules;

– in compliance with regulations, banks will, at least two months in advance, provide detailed information on adherence to the HRK SDD scheme to all of their payers for which they execute direct debits according to the existing procedure, as well as on all rights and obligations related to the direct debit service in compliance with the scheme;

– at the time of the signature of a contract on direct debits in compliance with the HRK SDD scheme with a payee, banks will bind such a payee to notify each of its existing payers about it not less than within four weeks before the migration of existing direct debits to the execution in compliance with the HRK SDD scheme.

Table 1 Beginning of implementation of the HRK SDD Core Scheme Rules and dates of migration in the transitional period

Plan of migration to the HRK SDD Core Scheme					
Activity	Beginning of implementation of HRK SDD scheme/ 1st migration date	2nd migration date	3rd migration date	4th migration date	5th migration date
Dates of HRK SDD scheme implementation	5/6/2017	2/10/2017	7/5/2018	15/10/2018	3/6/2019
Preliminary activities					
Payees notify banks about the termination of contracts for existing direct debits – by –	2/5/2017	28/8/2017	2/4/2018	10/9/2018	29/4/2019
Banks and payees sign migration agreements – by –	5/5/2017	1/9/2017	6/4/2018	14/9/2018	3/5/2019
Banks stop updating existing direct debits and create data for migration – by –	12/5/2017	08/09/2017	13/04/2018	21/09/2018	10/05/2019
Date of cessation of execution of existing direct debits	4/6/2017	1/10/2017	6/5/2018	14/10/2018	2/6/2019
Date of termination of contracts on existing direct debits	5/6/2017	2/10/2017	7/5/2018	15/10/2018	3/6/2019

Table 2 SEPA Migration Plan in the Republic of Croatia, January 2017

SEPA key activity schedule				
Activity	Subordinate activity		Euro	Kuna
IBAN			completed	completed
Infrastructure	NCS	SCT	completed	completed
		SDD		5/6/2017
	Target2		completed	
SCT	NCS – national		completed	completed
	NCS – cross-border		completed	
	XML for users		completed	completed
SDD	NCS – national			5/6/2017
	NCS – cross-border			
	XML for users			5/6/2017

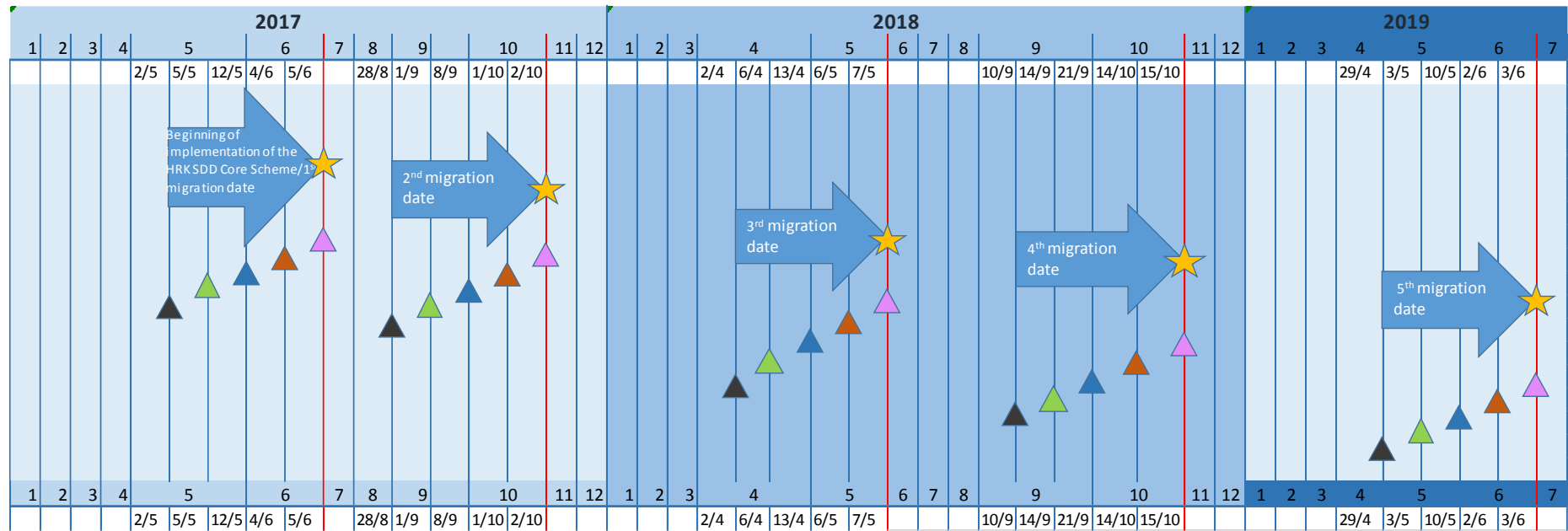
Execution of direct debits in compliance with the HRK SDD scheme in NCS







- the possibility to initiate direct debit payment transactions in kuna in compliance with the HRK SDD Core Scheme and the HRK SDD B2B Scheme as of **5 June 2017**.
- the clearing of kuna payment transactions initiated in compliance with the HRK SDD Core Scheme and the HRK SDD B2B Scheme as of **6 June 2017**.

XML for users

Payees may begin with the initiation of direct debits in kuna in compliance with the HRK SDD scheme as of **5 June 2017**, until the expiry of the transitional period of two years at the latest, i.e. until **3 June 2019**.

Figure 1 Beginning of implementation of HRK SDD Core Scheme Rules and dates of migration in the transitional period



-  Migration date
-  Date by which payees notify banks about the termination of contracts for existing direct debits
-  Date by which banks and payees sign migration agreements
-  Date by which banks stop updating existing direct debits and create data for migration
-  Date of cessation of execution of existing direct debits
-  Date of termination of contracts on existing direct debits