

INFRASTRUCTURE

ENERGY SECTOR 2.30

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Electricity				
Regulation of electricity prices to be abandoned (but vulnerable customers to be protected), allowing new investments in the modernisation and revitalisation of coal and electricity production.	2016		√	
Intra-day market to be introduced.	2020	√		
Consider introducing carbon pricing instruments	2020		√	
Prescribe targeted energy savings, as required by Directive 2012/27/EC and its amendment 2018/2002/EC. The preparation of proposals for the revision of energy efficiency targets in terms of their increase is underway. It is also necessary to anticipate the reduction of "specific consumption" of energy, i.e. consumption per unit of product.	2021		√	
Introduce grid connection reservation security mechanism e.g. bank guarantee or cash collateral by developers in order to avoid existing grid queues holding up capacity;	2020	√		
The regulations concerning the calculation of the VAT on invoices for prosumers should be amended.	2022		√	
Renewables				
Bylaws which will regulate the incentives in more detail should be tailored to accelerate investments in the renewables sector and follow the EBRD and Energy Community policy guidelines.	2021	√		
Adjust the regulations and methodology for determining the maximum purchase price on auctions in order to reflect the effects of the market value of the electricity power.	2022	√		
Energy Efficiency				
Adoption of a functional model contract to govern energy supply contracting.	2017			√
Improvement of capacities of the PPP Commission and other notable public stakeholders with respect to both energy performance contracting and energy supply contracting projects involving the public and private sectors.	2017		√	

CURRENT SITUATION

Electricity

The legal framework for electricity in Serbia is set out under the 2014 Energy Law, with amendments adopted in 2021 and minimal changes from 2023, which for the most part transposes the European Union's (EU) Third Energy Package.

The National Assembly of the Republic of Serbia has on July 26, 2023 adopted the Law on Amendments to the Law on Energy, which, according to the proponent - the Government of the Republic of Serbia, solves the issue of full application of relevant EU regulations in a comprehensive and efficient manner. The Republic Commission for Energy Networks was established as an independent body for the control of the operator of the electricity transmission sys-

tem - Elektromreža Srbije and the operator of the natural gas transport system - Transportgas Srbija. The Ministry of Mining and Energy ("Ministry of Energy") explained before the adoption that the newly formed body will take over the responsibility of these two state operators of the electricity transmission system from the Ministry of Energy. In this way, the aforementioned two operators will be able to be certified by the Energy Agency of the Republic of Serbia and European regulatory bodies.

The main authorities responsible for this sector are: (i) the Serbian Government; (ii) the Ministry of Energy (the "Ministry of Energy"); (iii) the Energy Agency; and (iv) The Republic Commission for Energy Networks (which will be established by the aforementioned amendments to the law).

State-owned enterprises Elektromreža Srbije (EMS), Elektroprivreda Srbije (EPS) and EPS Distribution, company that was finally separated from EPS in the end of 2020, remain the dominant players in the sector. EMS is the transmission system operator. EPS is engaged in the production, wholesale and supply of electricity. EPS's ex subsidiary EPS Distribucija carries out the distribution and operates the distribution system. Also, the transformation of EPS from a public company to a joint-stock company was announced, and a new supervisory board was appointed, which is important step towards professionalizing the management of this company.

The electricity market is fully liberalized on paper. Households and small consumers remain, for the time being, entitled to opt to be supplied under regulated prices (unlike other consumers which do not have the right to regulated prices). There is an intention to phase out the regulated supply of electricity, but the Energy Agency has taken the position that there is still a need for the regulation of electricity prices. On the other hand, the Energy Agency has allowed an increase of regulated prices - starting from the latest increase was in May 2023. The experts agree that this increase is insufficient and that new increases should be expected.

Despite the liberalisation, EPS remains the single most dominant supplier with around 97% of open market participation.

The day-ahead market is operated by the joint-stock company South East European Power Exchange (SEEPEX). Also SEEPEX launched and established an intraday market on July 25, 2023

Renewables

The inflow of foreign direct investments increasingly depends on the availability, predictability and structure of the supply of certified green energy. Issues such as the percentage of electricity from renewable sources that is available on the grid, the further development of power plants using renewable energy sources and the possibility of a guaranteed supply of green energy through corporate power purchase agreements are gaining more and more importance and becoming one of the decisive reasons for investment in the Republic of Serbia by foreign investors.

In April 2021, the Law on the Use of Renewable Energy Sources was adopted, which separated issues related to incentive measures for the production of electricity using renewable energy sources from the Law on Energy, that are now regulated by a separate law, until the end of 2021 and during 2022 several bylaws have been adopted, which regulate in more detail the procedure of obtaining the right on the market fee and the feed-in tariff, the content of the agreement on the market premium, the quotas on the wind farms, the status and the way of managing of the registry of the customers - manufacturers

Incentives are provided in the form of a market premium system and feed-in tariffs (only for small facilities). Both systems will be implemented through an auction process and refer to the price of electricity, taking on balance responsibility and the right to priority access to the system. In the premium system, the authorized contracting party will not purchase electricity, but will pay the premium if the realized price at the auction is higher than the reference market price (prices on the SEEPEX day-ahead market). Also, for an energy entity that produces electricity from renewable sources and which does not have the status of a temporary privileged producer in terms of market premium system, or the status of a privileged producer in terms of feed-in tariff, the possibility of obtaining a guarantee of origin and status of producer of electricity from renewable sources energy is envisaged.

By replacing the old system that rewarded everyone by order and introducing auctions, it will be possible to attract a new cycle of investments and achieve a competitive price for the purchase of electricity. As the bylaws that regulate the conditions and the procedure of obtaining the right for the incentives in detail have been adopted, the first auctions were held in June 2023 for the allocation of market premiums for renewable energy sources - wind power

plants (400MW) and solar power plants (50MW). The auction procedure is digitized, which ensures fast and efficient implementation of the process.

In order to harmonize the national regulation of the Republic of Serbia with the legal framework of European Union, the Law on RES introduces the status of consumer-producer for the first time. The consumer-producer is defined in the RES Law as the final customer who has connected his own facility for production of electricity from RES to the internal installations, whereby the produced electricity is used to supply own consumption, and the surplus produced electricity is delivered to the transmission system, distribution system, i.e. closed distribution system.

The balance responsibility for RES producers who are in the RES incentive system is taken over by the “guaranteed supplier” (or EPS). Other manufacturers will have to regulate their balancing responsibility according to market conditions.

With the amendments to the Law on RES from 2023, a new mechanism of mutual financial compensation was introduced between the privileged producer and EPS, which is based on the rule that the privileged producer is obliged to pay EPS additional compensation if it produces less electricity than the reported production plan and vice versa, that is, EPS is obliged to pay the privileged producer compensation for the surplus of produced electricity compared to the planned. This mechanism represents an additional responsibility of the privileged producer in terms of accurate forecasting of electricity production, due to the fact that in the event of a bad forecast, they would be obliged to pay the negative difference.

The Law on RES also introduces the concept of strategic partnership and provides the possibility of conducting a public call for the construction of power plants that produce energy from RES through the selection of a strategic partner. The government made a decision determining the procedure for selecting a strategic partner, and in July 2023 a public call for a strategic partner for the construction of self-balanced large-capacity solar power plants with battery systems for electricity storage in Serbia was announced.

In order to reduce the use of fossil fuels and dependence on fuel imports, the Law on RES defines the status of biofuels, bio liquids and fuels from biomass. In the event that biofuels, bio liquids and biomass fuels that are not produced

from waste meet the sustainability criteria and achieve savings in greenhouse gas emissions, energy produced from these fuels can be: a) taken into consideration for the purposes of calculating the share of energy from RES in gross final energy consumption and final energy consumption in all forms of transport (including fulfilment of obligations of fuel suppliers to achieve the share of RES), and b) subject to financial incentives, in accordance with the Law on RES, incentives for the use of innovative technologies and new sources of RE, such as renewable hydrogen, and incentives for the production of “advanced” biofuels). Regarding the use of RES in transport, the Law on RES determines for the first time the use of electricity from RES in the transport sector, as well as the use of “green” hydrogen.

Energy Efficiency

In April 2021, a new Law on Energy Efficiency and Rational Use of Energy was adopted, the aim of which is to create a legal framework for measures that will increase the efficiency of use of energy and reduce energy consumption. The law upgraded the existing basis of the Law on Efficient Use of Energy with new energy policy goals whose foundations were established by European Union regulations (amended Energy Efficiency Directive and Directive on Energy Performance of Buildings, Directive on Eco-Design and relevant EC Regulations).

A Directorate for Financing and Encouraging Energy Efficiency within the Ministry of Mining and Energy, the purpose of which is to provide funds to meet the objectives of the law, and two new regulations have been brought which regulate the financing of the measures for upgrading the energy efficiency and using the resources for the appliance of the measures of energy efficiency.

Similarly, as the previous laws, it explicitly defines the energy services company (ESCO) and sets rules for energy performance contracting in line with the EU acquis, with the aim to provide a comprehensive legal framework for energy efficiency arrangements.

To enable the implementation of these general possibilities, the Rulebook on Model Energy Service Contracts for the Implementation of Energy Efficiency when Users are from the Public Sector (ESCO By-Law) was adopted in May 2015.

The ESCO By-Law prescribes two models of ESCO agreements, one for public buildings and one for public lighting.

It requires public-private partnerships (PPP) to be established between the relevant public partner (e.g. a municipality, a public company, the state) and the relevant private partner (i.e. an ESCO company) on a long-term basis.

The energy efficiency market is still developing. Energy performance contracting (EnPC) projects in the area of public lighting have been initiated in a significant number of local municipalities,.

The energy supply contracting (ESC) has also started functioning recently, primarily with public sector facilities such as schools and hospitals being the main point of interest.

The most notable difference between ESC and EnPC is in that EnPC implies backing the project with guaranteed savings, unlike the ESC, which focuses on a renewed arrangement regarding energy supply where the private partner guarantees the continuous provision of a certain minimum amount of energy. It is expected that, once the ESC model is regulated too, a much needed certainty will be brought into the sector, allowing for successful cooperation between the public and private sectors.

The energy efficiency of buildings is dealt with in a special chapter which prescribes obligations for publicly owned buildings, new buildings and buildings used for non-residential purposes. Publicly owned buildings with a total usable area of more than 250 m² used by state administration bodies and other bodies and organizations of the public sector as well as public services are required to have a certificate of energy performance, and for buildings used by central government the obligation of energy rehabilitation. The obligations of investors in new buildings have also been specified with regards to the equipment with devices for regulation and measurement of the delivered amount of thermal energy, where there is also domestic hot water.

POSITIVE DEVELOPMENTS

Electricity

SEEPEX membership grew to 37 members.

New legal solutions from 2023 reduce the authority of the government, and increase the authority of the parliament over the activity of production and distribution of electricity and supply, over the state operators of the electricity transmission system - EMS and gas - Transportgas.

Renewables

The legal framework for a new package of incentive measures for the production of electricity from renewable energy sources has been adopted, that envisages a competitive process for awarding incentives. The adoption of a completely new law indicates giving priority to sustainable production of electricity from renewable energy sources, which is extremely important in the long run in order to avoid paying high fees for the production of CO₂ emissions that will increase in the European Union in the upcoming years.

Several bylaws have been adopted:

- Decree on market premium and feed-in tariff ("Official Gazette of RS", no. 112/2021 and 45/2023 - other decree);
- Decree on the model of the agreement on the market premium („Official Gazette of the RS".br.112/2021);
- Regulation on the quota in the market premium system for wind power plants ("Official Gazette No. 107/2021");
- Regulation on the conditions and procedure for acquiring the status of privileged electricity producer, temporary privileged producer and producer of electricity from renewable energy sources ("Official Gazette of RS", no. 56/2016, 60/2017, 44/2018 - other laws, 54/2019 and 112/2021 - other Regulations);
- Decree on conditions of delivery and supply of Electric Power;
- Decree on the criteria, conditions and way of calculating the receivables and payables between the customers - manufacturers and the supplier („Official Gazette of the RS".br.83/2021 and 74/2022);
- Regulation on the assumption of balance responsibility and the model agreement on the assumption of balance responsibility ("Official Gazette of RS", No. 45/2023);
- Rulebook on the means of managing the registry of customers-manufacturers that are connected to the movable, distributive, enclosed system and methodology of assessment of the manufactured electric energy in the manufacturing facility of the customer-manufacturer („Official Gazette of the RS".br.33/2022);

The Decree on the Conditions, Manner and Procedure Of

Giving State-Owned Agricultural Land for Use for Non-Agricultural Purposes was adopted, which prescribes exceptions when it is possible to use state-owned agricultural land for non-agricultural purposes, in accordance with the Law on Agricultural Land. This decree enables a construction of facilities for production of energy using renewable energy sources of wind and sun even on agricultural land, which creates an even more favourable environment for investors.

At the beginning of June this year, the Government of the Republic of Serbia adopted the Plan for the incentive system for the use of renewable energy sources for the period 2023-2025, according to which the total capacity for which the right to incentives in the market premium system can be acquired in the next three years is 1,000 MW for wind power technology and 300 MW for solar power plant technology.

Additionally, in June 2023, the Low Carbon Development Strategy of the Republic of Serbia was adopted for the period from 2023 to 2030 with projections until 2050 ("Official Gazette of RS", No. 46/2023). In July 2023, a public hearing was held for the Integrated National Energy and Climate Plan (INEKP), and it is expected that the final draft should be proposed to the National Assembly for adoption in the last quarter of 2023.

Also, in June 2023, the new Regulation on energy vulnerable customers entered into force, which will be the basis for moving away from price regulation, and an additional boost for energy transition, decarbonization and the development of renewable energy production. In addition to aiding in the procurement of electricity and gas, energy vulnerable customers in the field of heat supply will also be provided. According to the Regulation, poor consumers of electricity in Serbia have the right to a reduction in their electricity bill, i.e. they have the right to receive a certain amount of electricity for free on a monthly basis.

Energy Efficiency

A new Law on Energy Efficiency and Rational Use of Energy has been adopted.

With the adoption of the new Law on Energy Efficiency and Rational Use of Energy, the Ministry of Mining and Energy has also started work on the adoption of by-legal acts relating to the model of energy supply contracts. For these purposes, support is provided by the Regional Energy

Efficiency Programme implemented by the EBRD and the Energy Community.

A review of the Energy Effect Contract Model (EnPC) is underway based on comments from representatives of ESKO companies, banks and local self-government units who have experience in implementing such projects. It is actively working on the preparation of a Model Energy Efficiency Contract (ESC) to increase investment in energy efficiency and enable the transition to renewable fuels or low-emission greenhouse gas fuels, taking into account the public sector interest.

Experience with energy performance contracts has shown that the contract model has contributed to the development of the market and provided guidance and certainty for the public sector to use this innovative way to attract private investment in energy efficiency in the public sector.

REMAINING ISSUES

Electricity

Coal remains dominant resource for electricity generation – more than 70% of annual production comes from the coal-fired power plants.

Coal mines are in a relatively poor shape and in need of extensive modernisation in order to meet demand. Some major thermal power facilities will also need to be phased out or overhauled. It is not clear whether Serbia will have enough funds for these investments. Also, the High Court in Belgrade issued a first-instance verdict in favor of the Regulatory Institute for Renewable Energy and the Environment (RERI) and ordered "Elektroprivreda Srbije" (EPS) to reduce sulfur dioxide emissions in thermal power plants due to their danger to human health and the environment. This judgment represents a precedent and additional pressure to reconstruct and modernize the thermal power plants owned by EPS, in order to adequately implement the aforementioned judgment.

It can often be heard that an electricity price increase in Serbia would be justified, but vulnerable customers must be protected.

Renewables

In addition to the adopted amendments to the basic law and the adoption of by-laws, it is necessary to adopt the

remaining necessary by-laws, among other things related to the conditions of delivery and supply of electricity and the connection of facilities to the transmission system, which would enable the implementation of new legal solutions.

The Decree on the Prosumer has been adopted, and work is underway on four more bylaws that should complete the legal framework in the sphere of renewable energy sources.

The Decree on the Conditions, Manner and Procedure Of Giving State-Owned Agricultural Land for Use for Non-Agricultural Purposes was adopted, but it is limited only to agricultural land of 6, 7 and 8 classes.

Opinion of the Ministry of Finance regarding the calculation of VAT on electricity bills for prosumers. Non-incentive maximum purchase price set for wind turbines

Energy Efficiency

As to energy performance contracting (EnPC), apart from the need to have consistent practices in the formal preparation of projects fully in line with the ESCO By-Law and the PPP legislation, the challenges ahead also include the need to reduce subsidies, which keep energy prices on an regulated level, and to introduce further sector-specific incen-

tives for energy efficiency projects in the relevant regulations (notably, real estate and tax-related regulations) as well as the need to further raise financiers' awareness of the practical feasibility of ESCO projects.

As to energy supply contracting (ESC), the adoption of a model contract by the relevant authority (i.e. the Ministry of Mining and Energy) The public sector is still overly careful in considering prospective projects,. This specifically relates to an absence of understanding of public budgeting procedures, with some important projects involving hospitals and schools in Serbia still lagging behind as a result thereof.

The challenges ahead relating to both EnPC and ESC arrangements remain the same and require continuous work:

- sharing of knowledge and existing know-how among various public entities to be strengthened and supported (especially in the case of minor Serbian municipalities);
- improvement of the practical implementation of the rules related to the determination of the value of the project, related to PPP.

FIC RECOMMENDATIONS

Electricity

- Regulation of electricity prices to be abandoned (but vulnerable customers to be protected), allowing new investments in the modernisation and revitalisation of coal and electricity production.
- Continue work on creating the necessary conditions for the introducing carbon pricing instruments.
- Prescribe targeted energy savings, as required by Directive 2012/27/EC and its amendment 2018/2002/EC. The preparation of proposals for the revision of energy efficiency targets in terms of their increase is underway. It is also necessary to anticipate the reduction of "specific consumption" of energy, i.e. consumption per unit of product.
- Further harmonization of the regulations related to the calculation of VAT on consumer invoices.

Renewables

- Bylaws which will regulate the incentives in more detail should be tailored to accelerate investments in the renewables sector and follow the EBRD and Energy Community policy guidelines.

- Adjust the regulation and methodology for determining the maximum price at auctions so that it more closely reflects the impact of the market price of electricity

Energy Efficiency

- Adoption of a functional model contract to govern energy supply contracting.
- Improvement of capacities of the PPP Commission and other notable public stakeholders with respect to both energy performance contracting and energy supply contracting projects involving the public and private sectors.

TELECOMMUNICATIONS

1.79

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Improvement of regulations and their interpretation in the field of construction of radio base stations and protection against non-ionizing radiation:				
– in cooperation with relevant ministries and RATEL, it is necessary to educate professional services in local self-governments about the impact of telecommunications devices on health and the environment as well as about the application of special regulations relevant to the construction of radio base stations;	2021			√
– in accordance with the comparative practice of developed EU countries such as Germany and Finland and countries in the region (e.g. Croatia), we propose to exclude mobile telecommunications facilities from List 2 of the Regulation on establishing the List of Projects Requiring a Mandatory Impact Assessment and List of Projects that May Require an Environmental Impact Assessment, so that instead of making an environmental impact assessment for each individual base station, it would be sufficient to provide the competent authority with a notification on the installation of the base station together with relevant technical data on the base station, as well as measurement after its commissioning, where the local self government has the possibility of inspection supervision;	2021			√
– reexamination of the definition of the term “source of special interest”, bearing in mind the negative interpretation unjustifiably related exclusively to radio base stations, yet they are not the only sources of radiation;	2021			√
– abolition of spatial restrictions for the construction and installation of mobile telecommunications infrastructure from spatial regulation plans, in terms of determining the minimum height of antennas and the minimum distance where base stations can be placed in relation to neighboring buildings, given that there is no comparative practice of EU countries for this, nor grounding in regulations and science;	2021		√	

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
<ul style="list-style-type: none"> – enable the transition from a complicated administrative system of issuing the necessary permits, including individual permits for the use of radio frequencies for base stations, to a system of registration (notification) through a single point of contact (the so-called “single point of contact”) in the form of a public portal; 	2019	√		
<ul style="list-style-type: none"> – through the portal, ensure efficiency, transparency, public availability via the Internet and data analysis for supervision, by establishing a unique electronic procedure for reporting the installation of RBS and confirming compliance with the prescribed conditions. 	2021			√
<p>Consultations between the state and industry in selecting the model and period of public bidding for radiofrequency spectrum intended for the development of 5G technology - operators propose and advocate a simple auction model to sell the bands that are most needed from the perspective of technologies used and market demands, at a price that will enable the smooth development of new technology and its rapid implementation, in accordance with positive examples from the neighboring countries.</p>	2021		√	
<p>Adoption of the new Law on Electronic Communications and adoption of key bylaws for further market development within the shortest possible period of time. The new law is expected to bring significant progress in the digitization of the process of using telecommunications services, especially regarding the conclusion of contracts and invoicing in digital form.</p>	2021	√		
<p>Adoption of the new Law on Broadband Infrastructure (harmonized with Directive 2014/61/ EU on measures to reduce the cost of deploying high-speed electronic communications networks, as well as with Directive 2018/1972 on the European Electronic Communications Code) and Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks, which will define in detail the rights to use and access the infrastructure</p>	2021			√
<p>Lifting of individual licenses for the use of radio frequencies within the licensed radio frequency spectrum (acquired through public bidding) which assumes the fee for the issuance and renewal of an individual license for the use of radio frequencies for a radio base station in a particular electronic communications service.</p>	2021	√		
<p>When negotiating international agreements in the field of electronic communications (particularly regarding roaming), it is necessary to organize a process of public consultations and include industry representatives in order to consider the technical specifics, deadlines and financial implications, aimed at increasing business predictability</p>	2019		√	
<p>Modify the Regulation on Establishing the List of Devices and Objects and the Obligation to Pay Special Remuneration for the Use thereof to the Copyright and Related Rights Holders, so that the list of devices does not include smartphones, desktop computers, laptops and tablets, but only the devices whose sole function is the reproduction of copyrighted works (photocopiers, DVD cutters, etc.) which was the case before the amendment of this Regulation.</p>	2022		√	

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
A more active role of the Government in order to change public opinion about 5G technology	2020			√
The process of signing up and out of the "Do not call" register must be carried out electronically without additional costs on the part of the operator. It is necessary to consider the possibility of amending Article 37 of the Law on Consumer Protection so that the process of signing up and out of the "Do Not Call" register is done in an electronic form, directly, without the participation of electronic communication operators.	2022		√	

In 2023, the trend of negative global impacts is still present, which is reflected in the local market as well. However, despite the aggravating circumstances, electronic communications operators have resumed their activities aimed at further development and investment in order to improve the quality of their networks and the services they provide to their customers. The growth trend is continuously present when it comes to broadband Internet access services and media content distribution services, while mobile telephony services still remain the service with the largest share in total revenues generated on the electronic communications market.

CURRENT SITUATION

The first half of 2023 was marked by significant progress in the implementation of the reform agenda regarding the improvement of the regulatory framework in the field of telecommunications and harmonization with the regulatory practice of the European Union.

The above is principally reflected in the adoption of the new Law on Electronic Communications, which is harmonized to the greatest extent with Directive (EU) 2018/1972 of the European Parliament and the Council of 11 December 2018 establishing the European Electronic Communications Code, which is the basis of the current EU regulatory framework in the field of electronic communications. The new Law on Electronic Communications entered into force on 7 May 2023, after the successful and transparent work of the Ministry of Information and Telecommunications (hereinafter referred to as: the Ministry) and the working group in charge of drafting this document. For its full implementation, a number of bylaws need to be adopted in the period of 6 to 18 months from the date of its entry into force.

RATEL adopted a new Rulebook on the quality parameters for publicly available electronic communications services, measurements and testing, and on the assessment of the practices of electronic communication operators, which entered into force on 1 April 2023 and will be applied from 2 July 2023. The most important novelties of the aforementioned Rulebook refer to a higher degree of end-user protection, which includes the operator's obligation to grant the end user, at his request, a trial period for the service at a defined location of interest to the end user.

From 1 August 2023, the Rulebook on number portability for services provided on public mobile communication networks, as well as the Rulebook on number portability for services provided on public communication networks at a fixed location, started to apply. The improvements relate to the more efficient implementation of the number porting process while improving the protection of the end users of the service, which, inter alia, includes expediting the number porting process, more precise definition of the provisions in order to reduce the possibility of their different interpretations, especially in the part related to the rejection of porting requests, as well as stipulating the possibility that the request for number porting can also be submitted electronically.

The Ministry formed a working group to draft the Law on Amendments to the Law on Information Security, with the aim of harmonizing it with the EU NIS-2 Directive and the EU Cyber Security Act.

Participation of all the stakeholders in the work of the working group has been ensured through representatives of government bodies, academic community and experts for information security, as well as representatives of the economy with the inclusion of representatives of the Foreign

Investors Council and electronic communications operators. Adoption of the aforementioned law is expected by the end of 2023.

In October 2023, during the final stage of the preparation of the White Book, the Law on Amendments to the Law on Fees for the Use of Public Goods was adopted which is of great importance for the operations of operators on the electronic communications market. The operators took an active part in the public hearing process and submitted comments in order to improve the text of the above-mentioned draft in a direction that would contribute to more efficient use of public goods and improvement of business conditions. Among other things, with regard to the fee for the use of radio-frequency spectrum, it was emphasized that in accordance with the proposed changes, the use of two polarizations on one channel is more expensive than in the case of using one wider channel, which leads to irrational use of the assigned radio-frequency spectrum. Additionally, it was emphasized that operators will be forced to have an additional investment in additional transceivers to use both polarizations on one channel. The comments submitted by the operators were partially taken into account during the public hearing by adopting the proposal regarding the fee for the use of radio frequencies in terms of reducing the Kc coefficient (purpose of the radio network in which a radio relay connection is used determined by the appropriate channel width), as well as the operators' proposal for reduction of the second polarization on the same frequency pair.

The Ministry of Economy held a public hearing on the Draft Law on Copyright and Neighbouring Rights, during which the Foreign Investors Council and operators submitted their comments indicating the disproportionately high fees charged by the collective copyright protection organizations to the telecommunications industry. The reason for this is stipulating the possibility to impose high fees and to establish new organizations for collective protection, which disproportionately and unjustifiably increases the operators' operating costs on the electronic communications market.

Bearing in mind that the public hearing has ended and there is no feedback on the submitted comments and proposals for better regulation of this area, the Foreign Investors Council states its expectation that before the adoption of this Law, the proposed solutions will be thoroughly considered and implemented in order to improve the text of the draft law and create regulatory framework that will not threaten the business of electronic communications opera-

tors. With regard to the tariff adoption procedure in accordance with the amended Regulation on Establishing the List of Devices and Items for which there is an Obligation to Pay Special Remuneration to the Holders of Copyright and Neighbouring Rights ("Official Gazette of the Republic of Serbia", number 49/2022), in late April 2023, the Intellectual Property Office issued a finding regarding the tariff proposal submitted by the organizations for collective protection. It was established that the applicant set too high fees for the following devices: 1) desktop computers, 2) laptops, 3) tablets and 4) smartphones, and urged the applicant to make a statement and submit an amended tariff proposal. According to the above, and in accordance with the analysis of the Intellectual Property Office, which considered the justification of the amount of the tariff in a transparent and objective manner, based on the well-grounded facts, a lower tariff was eventually adopted for the above devices, instead of the originally proposed tariff of 1% now it is 0.5% of the percentage of the value of the device and it is applied from 1 July 2023.

On 27 July 2023, the Assembly of the Republic of Serbia adopted the Amendments to the Law on Planning and Construction. A significant novelty in the aforementioned proposal for amendments to the law is preventing local self-government units to define additional requirements and restrictions for the installation of radio base stations in the planning and urban planning documents in relation to the requirements defined by special regulations. We expect that this will significantly improve the conditions for the operation and roll-out of the mobile network and thereby enable better signal quality for end users.

The work of the Expert Group for the reduction of administrative barriers for the installation of radio base stations for mobile telephony, which began its work in 2022 and consists of members from relevant ministries, local self-government, faculties of technology, RATEL and electronic communications operators, has not resulted in actual progress in improving the conditions for setting up mobile radio base stations, which is a prerequisite for the implementation of 5G technology in the Republic of Serbia.

In order to provide an expert contribution to the reform of this area and the improvement of regulations, the Foreign Investors Council, in cooperation with the School of Electrical Engineering, started work on a Study for the improvement of the national legal and implementation framework in the field of non-ionizing radiation, with the aim of defin-

ing the proposed measures to reduce administrative barriers for the installation of public mobile telephony radio base stations in the territory of the Republic of Serbia.

With the adoption of the New Law on Electronic Communications, conditions have been created for the continuation of activities on the drafting of the Law on Broadband Communication Infrastructure, within the working group that includes representatives of the Foreign Investors Council and Operators. The enactment of this law will further improve the legal framework, which will ensure more efficient construction of the electronic communication infrastructure necessary for the further digital transformation of the Republic of Serbia. Enactment of the Law on Broadband Communication Infrastructure is another step towards bringing the operations closer to and harmonizing it with the European Union regulations, given that this Law in one part foresees the harmonization of operations with the Directive (2014/61/EU) on measures to reduce the cost of deploying high-speed electronic communications networks as well as Directive 2018/1972 on the European Electronic Communications Code.

The Foreign Investors Council states its expectation that activities on the drafting of this law will be carried out in a transparent and efficient manner in order to create optimal conditions for sustainable construction and investment in telecommunications and particularly in 5G infrastructure throughout Serbia.

The Foreign Investors Council also states its expectation that the Ministry of Information and Telecommunications (hereinafter referred to as: the Ministry) will have a transparent approach when drafting the Rulebook, which will define the minimum requirements for issuing individual licences and models for conducting the public bidding procedure in accordance with good practice established in the work of the Ministry. It is proposed to choose a simple model of public bidding for the radio frequency spectrum intended for 5G technology development (rather than a combined auction that would include spectrum blocks in different bands), which will open up space for the necessary investments in network construction and the introduction of innovative business models. In this regard, the price of the radio frequency spectrum needs to be considered in detail so that it is in proportion to the 5G auctions held in the region, additionally taking into account the necessary investments required in the construction of the network after the auction.

In accordance with the EU/WB Roaming Declaration, signed in Tirana in December 2022, 38 operators operating in the territory of the European Union and the Western Balkans will begin a phased reduction of retail prices for roaming data services starting on 1 October 2023. When it comes to signatories to the aforementioned Declaration and the use of roaming data services, Serbian mobile operators have offered lower charges for roaming data add-ons, taking into account the aspect of such price reduction for end users and the economy of the Region.

The schedule of price reduction in the period from October 2023 to 2028 has been prepared. By participating in the signing of the aforementioned agreement, mobile operators operating on the market of the Republic of Serbia have shown a high level of readiness to contribute to better connectivity between the Western Balkans and the European Union, while achieving significant savings for the citizens of the Republic of Serbia when using roaming data services in the European Union, within the networks operators that are signatories to this agreement, as well as enabling citizens of the European Union to use roaming services under more favorable conditions during their stay in the Republic of Serbia.

In the second half of 2022 and the first half of 2023, meetings were held of the working group for the development of regulations that will regulate the registration and deregistration with the "Do Not Call Registry" in accordance with the Law on Consumer Protection, in which representatives of the Foreign Investors Council and Operators also take part. In accordance with the above, it is expected that the registration and deregistration procedure will be carried out through an electronic procedure and that this model will be implemented in the final version of the text of the rulebook.

POSITIVE DEVELOPMENTS

Drafting and adoption of the new Law on Electronic Communications in a transparent process in which representatives of the Foreign Investors Council and Operators were involved is a significant step forward in the process of improving the current regulatory framework and harmonizing it with the needs of operators and users, while harmonizing it with the regulatory practice of the European Union, which is important for the further development of the electronic communications market in the Republic of Serbia.

Key novelties in the new Law on Electronic Communica-

tions are the introduction of registration of prepaid service end users, issuance of electronic invoices for services provided by operators and a greater role for RATEL in the out-of-court settlement of disputes. A significant novelty is also the abolition of the obligation to obtain individual licences for the use of radio-frequency spectrum for each radio base station within the radio-frequency spectrum for which a licence is issued on the basis of a public bidding procedure, however, there is only an obligation to record them electronically.

In order to fully implement the provisions of the new Law on Electronic Communications, it is necessary to adopt a number of by-laws, which are expected to be implemented in a transparent process with the involvement of the Foreign Investors Council and Operators in order to define the optimal regulatory framework that will contribute to the further development of the electronic communications market.

The adoption of amendments to the Law on Planning and Construction, which contains provisions that prevent local self-government units to define additional requirements and restrictions for the installation of radio base stations in planning and urban planning documents in relation to the requirements defined by special regulations, is a step in the right direction to improve and standardize the requirements for the construction of base stations in the Republic of Serbia, which will contribute to the further development of electronic communication networks of operators and greater availability of electronic communication services to citizens throughout the territory of the Republic of Serbia.

The FIC appreciates the proactive role of RATEL regarding the adoption of the new Regulations for the number portability service in mobile and fixed networks, as well as the Regulations defining the quality parameters, before the adoption of the new Law on Electronic Communications, which enables a higher quality of service and a higher degree of protection of end users.

Regulatory and legal barriers on the EU side for concluding a roaming agreement between the EU and the Western Balkans region were overcome by signing the EU-WB Roaming Declaration in such a way that the operators on a voluntary basis undertook to create conditions in order to gradually reduce the retail prices of roaming data services.

REMAINING ISSUES

The problem of setting up radio base stations and the issue of applying regulations on environmental protection is still a significant barrier in the construction of telecommunications infrastructure and it is necessary to intensify activities based on the conclusions of the Expert Group for the reduction of administrative barriers for setting up radio mobile telephony base stations and start the implementation of the reform of this area as soon as possible, which will enable more efficient installation of base stations as a prerequisite for the implementation of 5G technology in the Republic of Serbia.

It is necessary to continue activities related to the drafting and adoption of the Law on Broadband Infrastructure, which should be harmonized with Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks, as well as with Directive 2018/1972 on the European Electronic Communications Code), which will specifically regulate issues such as a simplified procedure for granting all necessary licences, coordination of ongoing and planned civil works and publication of data on works in real time at a single information point (a public portal under the jurisdiction of public sector bodies); regulating the operators' right of access to publicly owned facilities and the conditions of use of public facilities and public infrastructure for the needs of telecommunications infrastructure accommodation (e.g. short-range wireless access points (WAS/RLAN network); as well as to define in detail the rights of use and access to the infrastructure. These activities are expected to be implemented by the end of 2023, bearing in mind that this would create the conditions for additional investments in the field of telecommunications and at the same time ensure quality access to the Internet for all citizens in our country.

An important issue are also the disproportionately high fees charged by organizations for the collective protection of copyrights to the telecommunications industry. In this regard, we would like to stress that the Draft Law on copyright and related rights does not contribute to the creation of conditions for a better balance of power between organizations and fee payers and that there is a risk of further unlimited growth of flat rates charged by the incumbent and the establishment of new organizations for the collective exercise of copyright.

FIC RECOMMENDATIONS

- Excluding mobile telecommunications facilities from List 2 of the Regulation on establishing the List of Projects Requiring a Mandatory Impact Assessment and List of Projects that May Require an Environmental Impact Assessment, so that instead of making an environmental impact assessment for each individual base station, it would be sufficient to provide the competent authority with a notification on the installation of the base station together with relevant technical data on the base station, as well as measurement after its commissioning, where the local self-government has the possibility of inspection supervision.
- Abolition of spatial restrictions for the construction and installation of mobile telecommunications infrastructure from spatial regulation plans, in terms of determining the minimum height of antennas and the minimum distance where base stations can be installed in relation to neighboring buildings, given that there is no comparative practice of EU countries for this, nor grounding in regulations and science.
- Amendments to the Rulebook on the limits of exposure to non-ionizing radiation in order to harmonize the reference threshold levels with the ICNIRP recommendations.
- Amendments to the Rulebook on sources of non-ionizing radiation of special interest, types of sources, manner and period of their examination for the purpose of changing the definition of the term “source of special interest”, bearing in mind the negative interpretation unjustifiably related exclusively to radio base stations, yet they are not the only sources of radiation as well as in terms of defining the decision-making process of the competent authority based on the Expert Assessment of Environmental Impact, without initiating the environmental impact assessment procedure.
- Education of expert departments, in cooperation with relevant ministries and RATEL, at the level of local self-governments on the impact of telecommunications devices on health and the environment and the application of special regulations relevant to the construction of radio base stations.
- Transition from a complicated administrative system of issuing the necessary licences to a system of registration (notification) through a single point of contact in the form of a public portal and establishing a single electronic procedure for reporting the installation of RBS and confirming compliance with the prescribed requirements.
- Consultations between the Government and industry in selecting the model and period of public bidding for radio-frequency spectrum intended for the development of 5G technology - operators propose and advocate a simple auction model to sell the bands that are most needed from the perspective of technologies used and market demands, at a price that will enable the smooth development of new technology and its rapid implementation, in accordance with positive examples from the neighboring countries.
- A more active role of the Government in order to change public opinion about 5G technology.
- Passing by-laws in accordance with the new Law on Electronic Communications in a transparent procedure and involving the Foreign Investors Council and Operators, in order to define the optimal regulatory framework that will contribute to the further development of the electronic communications market.
- Adoption of the new Law on Broadband Infrastructure (harmonized with Directive 2014/61/ EU on measures

to reduce the cost of deploying high-speed electronic communications networks, as well as with Directive 2018/1972 on the European Electronic Communications Code) and Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks, which will define in detail the rights to use and access the infrastructure.

- When negotiating international agreements in the field of electronic communications (particularly regarding roaming), it is necessary to organize a process of public consultations and include industry representatives in order to consider the technical specifics, deadlines and financial implications, aimed at increasing business predictability
- Adoption of the operators’ comments on the draft Law on copyright and neighbouring rights regarding a more transparent approach in the relationship between organizations and fee payers due to the perceived risk of unlimited growth of flat rates charged by the incumbent and the establishment of new organizations for the collective exercise of copyright.
- The process of registration and deregistration with the “Do Not Call Registry” must be carried out electronically without additional costs on the part of the operator. It is necessary to consider the possibility of amending Article 37 of the Law on Consumer Protection so that the process of registration and deregistration with the “Do Not Call Registry” is done in an electronic form, directly, without the participation of electronic communication operators.

DIGITALIZATION AND E-COMMERCE

1.83

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Amendment to the part of the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items that refers to the content of the borrower’s credit file, which would take into account the existence of the My Data for My Bank project and similar initiatives and which would accept data from the database of competent state institutions as credible proof of employment and earnings or pension of citizens, and in the case of consumer loans of small value and statements of citizens in digital form given under full material and criminal liability.	2021			√
In addition to enabling video identification, other ways of identifying the client should be enabled — exchange of data between banks through the platform (open banking) along with the key and central role of the National Bank of Serbia.	2020			√

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
In order to improve the efficiency and security of operations, automated data exchange between the public and private sectors should be enabled. For example, enable data exchange between the Tax Administration, the Social Security Register, and the Credit Bureau in order to assess actual creditworthiness and protection against fraud. Also, enable the submission of documentation by service providers to citizens through a unified electronic mailbox of eAdministration.	2020	√		
Reduce the cost of electronic archiving of company documentation through the amendment of regulations along the lines of excluding the largest part of business documentation because it is not relevant for culture, art, science and other categories of the Law on Archival Material and Archival Activities	2021			√
Adoption of the Law on Electronic Communications which will allow electronic form to be the default form of bill for telecommunications services.	2021	√		
Amendment to the relevant Regulation that would allow banks to become trusted service providers and for banking identity to be recognized when issuing the Consent ID credentials.	2022		√	

CURRENT SITUATION

On a global scale, the tech sector underwent significant changes in the past year. By the end of 2022, the bankruptcy of cryptocurrency exchanges culminated in the so-called 'crypto-winter'. The beginning of 2023 was marked by layoffs at IT giants, and the massive success and popularity of Chat GPT showed that artificial intelligence is the most important topic in the realm of digitalization. These trends have also impacted the dynamics and priorities of the IT sector in Serbia, while the state continued to develop new e-government services. Following the adoption of the Law on Electronic Communications, which is in line with European Union regulations, a public discussion of the Rules of Procedure defining the conditions for organizing an auction of radio frequencies intended for 5G technology has been announced. Its launch is expected in 2024. Based on the analysis by RATEL of the data provided by mobile operators in June 2023 about mobile device usage in the Republic of Serbia, it was determined that over 1,200,000 mobile users in Serbia already own devices that support 5G.

In the past year, the trend of increased use and reliance on information and communication technologies in everyday life and business has continued. According to data obtained from the Statistical Office of the Republic of Serbia, the number of citizens using the Internet in Serbia in 2021 grew by 7% compared to the previous year and now

stands at 81.2%¹. Regarding online shopping, in 2021, 61% of citizens² made a purchase or placed an order online, continuing the trend of reducing the number of citizens who have never participated in e-commerce by several percentage points annually.

In the previous two editions of the White Book, we pointed out that the pandemic had a significant impact on consumer behavior in terms of increasing the volume of e-commerce. A similar trend was observed last year - data from the National Bank of Serbia show that in 2022, the number of dinar payment transactions made online with a payment card recorded a growth of 33.9% compared to 2021, while the value of these transactions increased by 46.3% compared to the previous year. For transactions in euros, during the same period, the number of transactions increased by 71.6%, while their value rose by 51.3%³. According to the same report, data for the first two quarters of 2023 indicate a similar volume of year-on-year growth in terms of the number and value of transactions in both currencies.

In February 2023, the Government of the Republic of Serbia adopted an Action Plan for the implementation of the Digi-

1 Use of ICT in the Republic of Serbia - <https://publikacije.stat.gov.rs/G2021/Pdf/G202116016.pdf>

2 Ibidem

3 Payment transactions made online using payment cards - <https://www.nbs.rs/sr/ciljevi-i-funkcije/platni-sistem/statistika/>

tal Skills Development Strategy in the Republic of Serbia for the period from 2020 to 2024 during the 2023-2024 period. Activities in this Action Plan are formulated to enhance the digital skills of all citizens. Also, in May 2023, the Government adopted the ePAPER (ePAPIR) program to simplify administrative procedures and regulations for the 2023-2025 period, further continuing the work on digitalization activities and improving the infrastructure for providing digital services.

By August 2023, the number of citizens with an account on the eGovernment (e-Uprava) portal reached 2 million. This increase is attributed to the fact that the number of services supported by eGovernment (e-Uprava) is continuously growing, making it easier for citizens to use numerous services in both the public and private sectors.

Regarding information security, unlike the previous year dominated by news of cyber attacks on the digital infrastructure of the Republican Geodetic Institute and other institutions, this year has been marked by positive developments. Work is underway on amendments to the Information Security Law to align with the new EU directive in this area. It is expected to enhance the resilience of entities in critical industries to cyber threats and give a more significant role to regulators in identifying vulnerabilities in ICT systems. In addition, the State Data Center in Kragujevac received the EN 50600 class 4 (tier 4) standard this year, indicating the highest level of reliability, security, and efficiency in storing equipment and data.

POSITIVE DEVELOPMENTS

From January 1, 2023, the complete implementation of eInvoices in the economy began, replacing paper invoices, through the application of the SEF system of the Ministry of Finance, achieving significant administrative relief. Besides this advantage, the digitalization of invoice transactions has led to an increase in transaction transparency in both retail and wholesale sectors, reducing any room left for the shadow economy. Furthermore, expectations are that this will improve the VAT refund process and result in reduced costs of invoice storage, which will now be stored electronically instead of on paper. A positive result of the introduction of eInvoices (eFaktura) is reflected in the fact that, since the introduction of this system, there has been a significant increase in the number of users of qualified electronic certificates in our country. As mentioned in the introduction, a new Law on Electronic Communications has been adopted,

which will be discussed in detail in the White Book related to telecommunications. However, this law fulfills one of the basic recommendations from last year's White Book in the digitalization field, which is that the electronic form should be the primary form of invoices for telecommunication services. Namely, after adequate notification, the operator will deliver the monthly bill to the customer in electronic form in the future. The law also provides for two exceptions: if the customer does not have the technical capabilities for electronic receipt of the invoice (e.g., the customer does not have a smartphone) or if the customer requests a paper invoice. In these cases, the operator is obligated to issue a monthly paper bill free of charge. Considering that the number of postpaid customers in mobile telephony is 5.2 million and many of them still receive 12 paper invoices annually, it's evident that this initiative will have a significant impact on green business and environmental protection.

The Government of the Republic of Serbia and the Office for IT and e-Government, as the central body responsible for coordinating activities in the field of electronic administration, management of public IT Assets, and information security, continue to implement the digital agenda.

As a reminder, in 2022, the Office enabled citizens to obtain a qualified electronic certificate in the cloud free of charge, which they can use easily and quickly via a mobile phone, without the need for installing special software or possessing hardware elements like smart cards. The solution is based on the well-known mobile application Consent ID, whose issuance of user credentials is preceded by personal identification via ID. The solution is based on the well-known mobile application Consent ID, where user credential issuance is preceded by personal identification through an ID card. The expectation was also expressed that all state institutions will integrate with the Office for IT and Electronic Administration in such a way that signing with a qualified electronic signature in the cloud will be enabled on their portals. At the beginning of 2023, the Portal for Electronic Identification eGovernment (eid.gov.rs) integrated with the Business Registers Agency (apr.rs), allowing users with a digital identity to establish companies, submit all kinds of applications and records, and to use other Business Registers Agency services. In this way, Business Registers Agency joined the eInvoice (eFaktura), eHealth (eZdravlje), local tax administration portals, and the My First Salary portal, which were previously integrated with eGovernment (eUprava).

Moreover, Serbian citizens living abroad will be able to become e-citizens through diplomatic-consular representations, i.e., to receive parameters for the aforementioned Consent ID application. In this way, life is made easier for all citizens in the diaspora, who have not had the opportunity to access e-government services outside Serbia so far.

Regarding new services, the Freelancers (Frlenseri) portal was established, enabling easy submission of tax returns by individuals earning income by providing services domestically and internationally, with an estimated number of freelancers in Serbia around one hundred thousand. Additionally, an electronic service called I Protect You (Čuvajte) has been introduced, enabling the reporting of violence, linking schools, social work centers, police stations, and healthcare institutions, all aimed at preventing peer violence among children and minors. Lastly, in 2023, eConsent services (eSaglasnost) were introduced, regulating the issuance of documents to children, as well as residence registration, eCitizenship (eDržavljanstvo), and obtaining extracts from birth registries.

Under the Open Balkans regional initiative, an Agreement was established regarding the Integration of Electronic Identification Schemes. This agreement seeks to facilitate a unified approach to schemes introduced by Serbia, North Macedonia, and Albania.

We have observed notable advancements in the legal structure that promotes the continued digital transformation of financial services, marked by a series of regulations set forth by the National Bank of Serbia in the previous period. Thus, in addition to the video identification of individual persons, the revision of the pertinent decision has also facilitated the identification of corporate entities. In order to further improve the security of clients and prevent fraudulent actions, we have identified a potential avenue for launching and fostering a second-generation video identification, incorporating biometric safeguards during the verification and acceptance of new clients, boasting an efficacy nearing 100%. Beyond the indisputable benefits to client safety, the roll-out of biometric verification could substantially encourage Serbia's digitalization drive, rendering banking services more efficient, user-friendly, and universally accessible.

In addition, when it comes to simplifying the use of banking services, an extremely important aspect is the endorse-

ment of interbank data sharing under the open banking/banking mobility concept, with the National Bank of Serbia playing an instrumental and focal role. The roll-out of these concepts would empower clients to sidestep tedious and time-intensive procedures by capitalizing on the immediate data interchange between banks. To illustrate, tasks like opening and closing current accounts would be vastly simplified for clients, since the bank, where a client intends to open an account, could directly liaise with another bank, whose services the client already uses, to oversee the remaining processes. In this manner, clients could more conveniently access banking solutions best tailored to their preferences, which, in turn, would incentivize market undertakings to recalibrate their offers to better align with consumer demands.

REMAINING ISSUES

After the successfully implemented project "Moji podaci za moju banku" (My Data for My Bank) based on the exchange of data between the public and private sectors, the Council for Telecommunications and Digital Economy sees an opportunity for further digitalization of business in new initiatives of this type.

Procedures in public administration have been significantly accelerated by connecting state institutions and automatic exchange of documents. We believe that similar cooperation between banks, mobile operators, insurance and other business entities with state authorities, can contribute to a greater efficiency and safety of business operations. Data exchange with the Tax Administration, Social Insurance Registry, and Credit Bureau to assess actual creditworthiness and protect against fraud, enabling verification of the validity of the ID card through the Ministry of Interior when concluding a contract or using the e-Government (e-Uprava) e-mailbox for document delivery, are just some examples where we see that potential.

In the last five years, a major shift has been made when it comes to regulations from the domain of electronic commerce. However, regulations governing other areas often represent a barrier to the digitalization of business. These regulations are not easy to amend since they are often based on the erroneous paradigm that paper is a safer and transparent form of a document compared to an electronic document.

However, a bigger problem is the regulations on archiv-

ing, or rather the Regulation on Unique Technical and Technology Requirements and Procedures for Storage and Protection of Archival and Documentary Materials in Electronic Form, adopted based on the Law on Archiving, which will enter into force on 1 January 2024. This regulation provides for a costly and complicated process of archiving electronic documentation which implies, among other matters, that each individual document should be certified by a qualified electronic time stamp of an authorized trusted service provider. The expected costs of introducing an electronic archiving system and putting a qualified timestamp on each individual doc-

ument threaten to approach or even exceed the cost of running a paper archive. In such circumstances, there will be no motivation for the economy to switch from paper to electronic business, and the return of business entities that already now operate electronically to an archive in paper form would be a major step back.

In conclusion, we note that a great effort and progress has been made in order to enable further digitalization of the economy and the public sector in the past period and that the readiness of all state institutions to continue in the same manner in the future is noticed.

FIC RECOMMENDATIONS

- Amendment to the part of the Decision on the Classification of Bank Balance Sheet Assets and Off-Balance Sheet Items that refers to the content of the borrower's credit file, which would take into account the existence of the My Data for My Bank project and similar initiatives and which would accept data from the database of competent state institutions as credible proof of employment and earnings or pension of citizens, and in the case of consumer loans of small value and statements of citizens in digital form given under full material and criminal liability.
- Enable the development and roll-out of the second generation video identification encompassing biometric safeguards within the client validation framework. This move aims to bolster client security and catalyze the development of digitalization in Serbia.
- Enable the exchange of data between banks by the roll-out of open banking / banking mobility concept, underscored by the significant and central role of the National Bank of Serbia. Such an initiative would let bank customers swiftly and effortlessly access necessary services, amplifying market competition and resulting in a holistic enhancement of services attuned to client necessities.
- In order to improve the efficiency and security of operations, automated data exchange between the public and private sectors should be enabled. For example, enable data exchange between the Tax Administration, the Social Security Register, and the Credit Bureau in order to assess actual creditworthiness and protection against fraud. Also, enable the submission of documentation by service providers to citizens through a unified electronic mailbox of eAdministration.
- Reduce the cost of electronic archiving of company documentation through the amendment of regulations along the lines of excluding the largest part of business documentation because it is not relevant for culture, art, science and other categories of the Law on Archival Material and Archival Activities.
- In the implementation of the Law on Electronic Communications, the Rules of Procedure on prepaid registration of mobile users should enable simple electronic registration of customers.