PROTECTION OF USERS OF FINANCIAL SERVICES

1.43

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Education of judicial office holders in the field of banking and insurance, and in this sense the introduction of specialized subjects in these areas at the Judicial Academy	2020		√	
Enabling Electronic Issuance of Bills of Exchange for Individuals	2019		√	
Permanent Resolution for Disputes Regarding the Loan Processing Fee in the manner described above and amendment to Article 368, paragraph 1 of the Law on Civil Procedure	2021			√
Issuance of a legal position by the Supreme Court regarding the proof of contracts concluded at a distance	2023		√	
Expansion of the domain of the Housing Loan Agreement and expansion of the definition of residential real estate	2024			√
Continuous exchange of views and constructive discussions with insurance companies regarding the implementation of the rules on insurance distribution, i.e. regulatory requirements regarding market behaviour	2021			√
Promoting mediation as a way of resolving disputes between banks/ insurance companies, both among themselves and with users of financial services, would be important, and in this sense, amendments to the Law on Mediation would be important .	2022			√

CURRENT SITUATION

In accordance with the fact that in March 2025 the National Assembly of the Republic of Serbia adopted a new text of the Law on the Protection of Financial Services Users, we will dedicate the introductory part of this text to the changes brought by the Law. Historically, the rights of users of financial services provided by banks, financial leasing providers and merchants, as well as the conditions and manner of use and protection of such rights, were for the first time regulated in detail by the Law on the Protection of Financial Services Users of 2011 (hereinafter: the Act), as amended in 2014. The 2011 law introduced legal certainty and certainty in the relationship between users of financial services and their providers. However, after more than 10 years of implementation and the shortcomings of the existing Law, the adoption of the Law on the Protection of Financial Services Users (hereinafter: ZZKF) in March 2025 and the start of implementation from July 2025 really represents an additional step in the comprehensive and comprehensive regulation of this very sensitive area. It should be noted that this area has changed a lot and further developed, which has been recognized by the European Union with the adoption of Directive (EU) 2023/2225 on consumer credit products of 18 October 2023, which Member States are obliged to implement into national law by 20 November 2026, and apply from 20 November 2026. The close connection between domestic regulations in this area and the regulations of the European Union is also one of the reasons for the adoption of the new ZZKFU.

The ZZKFU brings much broader and stronger protection of users, extending its application to payment institutions, electronic money institutions and public postal operators, and not only to banks and leasing companies. New terms have been introduced, while certain terms have been more clearly and precisely defined (housing loan agreement, related loan agreement, loan amount, total loan price for the user, total amount to be paid by the user on the basis of the loan agreement, practice of tying services, practice of pooling services, unauthorized overdraft, durable data carrier, written form, means of distance communication, etc.). Furthermore, in order to protect consumers, a special statutory default interest is introduced that applies to natural persons, which is calculated in the same way as the regular statutory default interest, but with a smaller increase. In addition, when it comes to consumers as users of financial services, interest rates are capped on all types of loans, including housing, consumer, cash, as well as overdrafts and credit cards. Also, emphasis is placed on the pre-con-

tractual phase so that users can be informed in advance in a clear and simple way about the fact that borrowing costs, as well as on the assessment of the creditworthiness of clients in order to prevent excessive borrowing. In the field of advertising, the law requires that all advertising messages be clear, understandable and do not create a misconception about the terms of service. The Law provides for the obligation of lenders to offer specific assistance measures to beneficiaries who face difficulties in repaying debt, and for whom it is estimated that they can continue with regular settlement of obligations with certain reliefs, before initiating enforcement proceedings. These measures include extending the repayment period, changing the type of contract, deferring interest payments, reducing the interest rate, delaying repayment, partial debt forgiveness, currency conversion, and other flexible arrangements. These reliefs are intended to preserve regular repayment and prevent the escalation of the problem, taking into account the personal circumstances of the beneficiary. In international practice, such measures are referred to as the "breathing period." Especially for mortgage loans, the law gives the beneficiary two options in the event of a repayment problem: to sell the property himself within at least two months and settle the debt to the bank from the sale price, retaining any surplus, or to transfer the ownership right to the bank, whereby the debt is considered fully settled. These measures represent an important step towards a more humane and flexible approach to solving the problem of over-indebtedness of citizens. In order to increase legal certainty and transparency, an obligation has been introduced for financial service providers to initiate the procedure for deleting a mortgage or pledge from the competent register after repayment of their obligations. In accordance with the modern needs of the market, the law encourages the digitalization of financial services, so the limits for concluding distance contracts have been significantly increased – from 600,000 to 1,200,000 dinars for loans, or to 2,400,000 dinars for deposits. All of the above clearly indicates that the new ZZKFU has indeed gone a step further in regulating the protection of users of financial services and that it represents a modern regulation that ensures the highest level of user protection, while ensuring transparent and fair treatment of users in relation to financial institutions

Starting from 2011, in order to regulate in detail and comprehensively the rights and obligations of users and providers of financial services, the National Bank of Serbia (hereinafter: NBS) has adopted a set of decisions regulating the protection of users of financial services. As pointed out in previous texts, starting from the adoption of the Law on the Protection of Financial Services Users, the NBS has continuously worked on improving this area, as well as on the protection of financial service users, as well as a clear definition of the rights and responsibilities of financial service providers. In addition to the decisions we have mentioned in previous articles, in this text we will look at the decisions made by the NBS after the adoption of the new ZZKFU. By defining the methodology for calculating interest rates, which are the basis for determining maximum interest rates, the NBS has precisely defined the method of calculating the weighted average interest rates used as a reference for limiting interest on credit products to natural persons. This methodology makes it possible to set maximum nominal and effective interest rates for all types of loans, thus protecting users from excessive borrowing and unpredictable costs. Twice a year (1 June and 1 December), as well as after each change in reference rates, the NBS will publish updated data on these limits. This ensures greater financial stability, transparency and security for citizens, with clearly defined boundaries that banks must respect. The Decision on the procedure on complaints, complaints and proposals for mediation of financial service users provides a comprehensive and modern framework for the protection of users' rights, enabling simple electronic submission of complaints and free mediation before the NBS. Deadlines, obligations of financial institutions and criteria for the admissibility of complaints are clearly defined, ensuring efficient, transparent and accessible dispute resolution. This decision is an important step towards strengthening confidence in the financial system, as it provides users with concrete mechanisms to protect their interests, without additional costs and administrative obstacles. Furthermore, the new Decision on the Conditions and Method of Calculating the Effective Interest Rate and the Forms to be Delivered to the User precisely defines the methodology for calculating the effective interest rate as a discount rate that equalizes the present value of all cash flows – receipts and expenses – during the term of the financial service contract. The calculation is carried out in a uniform manner for all service providers, with the application of clearly prescribed assumptions and formulas, so that users can compare the offers of different institutions. Service providers are required to provide the user with standardized forms showing the effective interest rate, total costs and other data that may be relevant to users when making decisions regarding financial services. With no intention of diminishing the significance of other decisions, perhaps one of the most significant decisions that has been made is the Cred-

itor Repayment Facilitation Decision. The NBS has adopted a Decision on Loan Repayment Facilitations, which obliges banks to offer specific assistance measures to beneficiaries in financial difficulties before the initiation of forced collection. Among the benefits are a moratorium, an extension of the repayment period, a reduction in the interest rate, partial debt forgiveness, refinancing and other flexible options, which also apply to credit cards and allowed overdrafts. Special attention is paid to the beneficiaries of mortgage-secured housing loans, who must be allowed at least two months of grace period without calculating default interest. The Bank decides on the beneficiary's request within 30 days, with the obligation to take into account personal circumstances and not to require an additional assessment of creditworthiness if the relief does not significantly increase the total debt. The decision on loan repayment facilitation represents a significant step towards a more flexible, life-friendly approach to banks' operations, as it provides beneficiaries in financial difficulties with concrete support mechanisms before forced collection occurs.

On the other hand, the manner of protection of the rights and interests of the insured, policyholders, insurance beneficiaries and third injured parties is regulated by the Decision on the manner of protection of the rights and interests of users of insurance services, which has been in force since November 2015. In the previous period, there was no activity of the NBS in the area of additional regulation and protection of the rights of insurance beneficiaries. In addition, the protection of insurance service users is also regulated by the Insurance Act of 2014.

POSITIVE DEVELOPMENTS

In terms of recommendations from last year, there have been improvements in the following scope:

Education of Judicial Function Holders in the Field of Banking and Insurance

The education of judicial office holders in the field of banking, insurance and leasing remains extremely important, but unfortunately it has not yet been systematically implemented, as can be seen from the still present uneven interpretation of regulations by the courts. Although the regulatory framework in these areas is clear and aligned with EU law, practice shows that a lack of professional understanding often leads to inadequate court decisions, especially in cases concerning credit processing fees and accident insurance. Therefore, it is necessary for the relevant institutions, in cooperation with the financial sector, to initiate continuous and targeted education of judicial holders, in order to ensure consistent application of the law and stability of the financial system. The adoption of the new ZZKFU is another step in this direction and represents an important step forward because, through more precisely defined institutes, clear obligations of financial institutions and standardized forms, it provides judges with a more concrete normative framework for the interpretation and application of law. This facilitates, at least indirectly, the understanding of complex relations in the banking and insurance sector, and with adequate education, this law can contribute to a more uniform and lawful jurisprudence. The judiciary needs to recognize the importance of this law as a tool for the proper resolution of disputes in the field of financial services. Accordingly, we can say that there is some progress.

Enabling electronic issuance of bills of exchange for natural persons

The introduction of electronic bills of exchange for natural persons has made partial progress, as the final activities on the establishment of the Central Register of E-bills of Exchange are underway, which is a key prerequisite for the inclusion of natural persons as issuers. Although natural persons who do not perform activities are not yet included, the position of the National Bank of Serbia that their inclusion is planned in the next phase of the registry's development is a positive signal. Understanding the need for gradual development of the system, with prior testing with legal entities and entrepreneurs, shows a responsible approach of regulators, but also leaves room for further development in the direction of full availability of this instrument to citizens.

Permanent Settlement of Disputes Regarding Loan Processing Fee and Amendments to Article 368, Paragraph 1 of the Code of Civil Procedure

Recommendation on the Permanent Settlement of Disputes Regarding Loan Processing Fees and Amendments to Article 368 of the Rules of Procedure Unfortunately, the Law on Civil Procedure has not been fulfilled, although the number of lawsuits has been reduced and part of the case law has been aligned with the position of the Supreme Court from 2021. There is still a serious problem with enforcement on the basis of non-final judgments, which exposes citizens to financial risk and addi-

tional costs, especially when judgments are subsequently reversed. In this context, the new Law on the Protection of Financial Services Users represents partial progress as it introduces more clearly defined obligations of banks, standardized contractual forms and more transparent relations, which can contribute to a better understanding and more consistent interpretation in case law. However, without the amendment of Article 368 of the ZPP and a systemic approach to resolving these disputes, risks to the financial stability and legal security of beneficiaries remain. In addition, new disputes have emerged whose sole purpose is financial gain for lawyers.

Issuance of a legal position by the Supreme Court regarding the proof of distance contracts concluded

There have been no changes in relation to the recommendation to take a legal position regarding proving the conclusion of a distance contract, but it is being abandoned given that in practice there have been no disputes that would indicate the need for such an intervention. In addition, the new Law on the Protection of Financial Services Users clearly defines the conditions and manner of concluding distance contracts and the necessary conditions, and provides a clear normative framework, including by significantly improving legal certainty and reducing the space for legal uncertainty. Thus, this recommendation can be considered obsolete, because the normative issue has been resolved through a legal text, and practice has not indicated the need for additional interpretation.

Extension of the Domain of the Housing Loan Agreement and Expansion of the Concept of Residential Real Estate

The recommendation on expanding the domain of housing loan agreements and redefining the concept of residential real estate was not adopted, but it is being abandoned given that the new Law on the Protection of Financial Services Users has been adopted and clearly defines what is considered residential real estate. The law exhaustively lists the types of real estate that can be the subject of a housing loan – houses, apartments, garages, land with a building permit – which clearly shows that the legislator had no intention of extending the term to facilities such as apartments or cottages. Although in practice there is a need for long-term financing of such real estate, the fact that the proposal was not adopted indicates that further initiative in this direction is not considered justified at the moment.

REMAINING ISSUES

1. Education of Judicial Function Holders in the Field of Banking and Insurance

As has been repeatedly pointed out, the education of judicial office holders in the field of banking, insurance and leasing is a key prerequisite for the proper application of the law and the preservation of the stability of the financial system. There is still a lack of understanding of the basic principles of financial operations, which is reflected in numerous judgments that deviate from legal standards, especially in cases concerning loan processing fees and accident insurance. Uneven case law not only creates legal uncertainty for users and service providers, but also makes it difficult to implement regulatory policies that are in line with EU law. With the adoption of the new Law on the Protection of Financial Services Users, a high-quality normative framework has been created, with clearly defined terms, obligations and procedures, which can significantly contribute to a better understanding of the matter. However, without systematic and continuous education of judges, prosecutors and other judicial office holders, there is a risk that the law will not be consistently applied in practice. Therefore, we believe that it is necessary for the High Judicial Council, the Supreme Court, the NBS and relevant institutions, in cooperation with representatives of the financial sector, to launch organized training and professional seminars, in order to ensure uniform and lawful jurisprudence in the field of financial services.

2. Enabling electronic issuance of bills of exchange for natural persons

Given that the Central Registry of Electronic Bills of Exchange for legal entities and entrepreneurs is expected to start operating soon, we believe that the next logical step in the process of digitization of payment services would be to enable the issuance of e-bills of exchange to natural persons. Natural persons are frequent users of banking products that require the issuance of bills of exchange, either as debtors or as guarantors in loans of legal entities. In the current system, even when a loan agreement is concluded remotely, individuals have to physically deliver bills of exchange, which creates an unnecessary administrative burden and deviates from modern digital practices. The new ZZKFU enables the conclusion of distance contracts up to the amount of 1,200,000 dinars for loans and 2,400,000 dinars for deposits, with the use of double authentication

or electronic identification with a high level of reliability. This opens up space for a wider use of digital instruments, but at the same time increases the risk for banks, as contracts are concluded without classic collateral, such as a bill of exchange. In this context, enabling the issuance of e-bills of exchange to natural persons would be beneficial for both banks and users, as it would provide additional security in the digital environment. However, bearing in mind that natural persons represent a more sensitive category of users, we propose a compromise solution: to enable natural persons to issue e-bills of exchange through the Central Registry, but without the possibility of automatic activation – i.e. Payment can only be made by filing a petition with the competent court. In this way, the legal security of users would be preserved, abuse would be prevented, and at the same time easier access to credit and the process of digital contracting in the banking sector would be improved.

3. Permanent Settlement of Disputes regarding Loan Processing Fee and Amendments to Article 368, Paragraph 1 of the Code of Civil Procedure

As we have already stated, although the number of lawsuits related to the loan processing fee is declining, and the case law has partially aligned with the legal position of the Supreme Court from September 2021, problems in this area continue to seriously threaten legal certainty and financial stability. A particular challenge is the implementation of Article 368 of the Constitution. The Law on Civil Procedure, which enables enforcement on the basis of a non-final judgment when the principal does not exceed 1,000 euros. This provision leads to situations in which clients, especially natural persons, are exposed to the risk of being obliged to reimburse the funds increased by the costs of enforcement and anti-enforcement proceedings after the reversal of the judgment, often without prior warning from their attorneys. An additional concern is that new types of disputes are emerging, the sole purpose of which is to obtain the costs of proceedings by lawyers, without the real need to protect the rights of users. Such practices not only burden the courts and banks, but also undermine citizens' trust in the legal system. Therefore, we believe that the absolute priority is to amend Article 368 of the CPC, in order to abolish the possibility of conducting enforcement on the basis of a non-final judgment, and to prevent further legal and financial endangerment of beneficiaries. In addition, it is necessary to consider a systemic solution – either through an additional legal position of the Supreme Court, or through the adoption of a special law – that would clearly prevent litigation whose sole interest is the financial benefit for lawyers, and not the actual protection of any rights and interests of citizens.

4. Continuous exchange of views and constructive discussions with insurance companies regarding the implementation of insurance distribution rules and regulatory requirements regarding market behaviour

In the field of insurance, we would like to point out the following problems that we encountered in the previous year: an increase in the number of reported damages and complaints filed by lawyers on the basis of material and non-material damages from liability insurance due to the use of motor vehicles has been noticed, which increases the costs of processing such claims for insurers in the part of settling lawyers' fees. Also, lawyers who submit claims and complaints do not have professional knowledge in the field of insurance, and it happens that they file complaints with insurance companies and the NBS, although it is evident that the claims are unfounded. It is especially the case that they do not want to submit a special power of attorney prescribed by the Decision on the procedure on the complaint of the insurance service user from 2021, and after the request of the insurance company to submit a special power of attorney with all the prescribed elements in order to be able to proceed with the resolution of the complaint, it happens that the dissatisfied turn to the NBS.

The insurer often encounters premature complaints, especially in the part of the amount of future insurance compensation, when the processing of the claim for compensation is still in progress and the first instance decision has not been issued. Also, an increasing number of lawyers, when representing insurance service users, submit an incomplete claim for compensation/damages, and then when the insurance company requests an amendment because it is objectively unable to make a decision based on the available documentation, initiate a court dispute. These disputes are usually completed quickly because the litigation attorney provides what the insurance company asked for as a supplement. In this way, the number of litigation increases, the costs of both insurance companies and insurance service users increase, and distrust in the insurance industry is created, all because of individuals who see it as a quick and easy profit. Also, insufficient knowledge of the subject of insurance, both by lawyers and judges, and the length of the proceedings, lead to a long wait for the verdict, and

that they are not in line with the trends in the insurance market and the views of the NBS.

With regard to the rules in the field of market behavior in the insurance sector, since it is planned to significantly improve the regulations governing this matter, and since the aforementioned rules are of great practical importance because they affect the core business of insurance companies (from the issue of supervision and management of insurance products to the issue of placement and distribution of products), it would be useful to have continuous and constructive communication between the industry and the NBS before implementing and prescribing new obligations in order to The level of development of the market as well as the level of user protection achieved by the current regulations and rules would be properly assessed.

5. **Promoting mediation as a way of resolving disputes between banks/insurance companies, both among themselves and with users of financial services, would be important, and in this sense the amendments to the Law on Mediation.**

In recent years, mediation as an alternative dispute resolution method has gained increasing attention within the financial sector. A special shift has been made thanks to the engagement of the National Bank of Serbia (NBS) over the past years, as well as the increasing number of insurance companies that recognize mediation as an efficient and constructive method of resolving disagreements with users. However, despite these positive trends, it is clear that there is a need to further develop and spread awareness of the benefits of mediation. A key challenge remains the lack of information among users of financial services, who are often not familiar with the opportunities offered by mediation, nor with its advantages compared to traditional court proceedings. That is why we believe it is necessary to extend education to all market participants — including financial institutions, regulators, the judiciary, as well as the public itself. The aim of these activities is to position mediation as the first choice in dispute resolution, especially in situations where it is possible to preserve business relationships and avoid lengthy and costly court processes.

6. **Two-way bancassurance – insurance companies as distributors of banking services**

At the moment, bancassurance in the Republic of Serbia involves the distribution of insurance products through banks, in accordance with the bank's ability to distribute insurance products as an insurance agent. Bancassurance in the opposite direction – that the insurance company sells the bank's products is still not possible under the regulatory framework of the Republic of Serbia. The National Bank of Serbia has stated that insurance companies cannot perform activities related to banking activities, however, there is a clear need to introduce a form of distribution of banking services by insurance companies in the financial market, without the need for insurance companies to deal with banking activities, just as banks do not engage in insurance business, but act as insurance agents. The introduction of two-way bancassurance would be beneficial not only to insurance companies, but also to customers and banks. This is primarily due to the fact that insurance sellers, unlike banking service sellers, are far more focused on field sales, which would improve the availability of banking products to many citizens of the Republic of Serbia who are not able to reach a bank branch and are not sufficiently focused on digital sales channels of banking services, which would open up another type of sales channel for banks to their potential clients.

In addition, given that these are related, financial services, this type of insurance distribution could result in combinations of insurance products and banking services that could ultimately obtain more favorable offers for clients of both banks and insurance companies, which banks and insurance companies already do when banks offer insurance products to their clients.

Finally, the National Bank of Serbia supervises banks and insurance companies (which is not often the case in comparative law), and is able to supervise both insurance companies as distributors and banks as service providers, and to direct this type of bancassurance in accordance with the regulatory framework and the interest of financial service users from both perspectives.

7. **Obligation to mediate in dispute resolution (mediation) in civil proceedings the subject of which are financial services**

The provision of Art. 11. The Code of Civil Procedure does not explicitly state that the court will obligatorily refer the parties to mediation, but that the court will point out to the litigants the possibility of out-of-court settlement of the dispute through mediation or in another consensual manner. In addition, no other law governing the protec-

tion of users of financial services prescribes the obligation of mediation. This means that mediation in the Republic of Serbia is not mandatory when the subject of a dispute is a financial service. Also, in practice, the courts in the Republic of Serbia are authorized to inform the parties about this possibility, which is noted even by the highest judicial authorities in Serbia.

Due to this situation with the legislative framework and insufficient interest of courts to stimulate mediation in dispute resolution, and due to the chronically overloaded court apparatus in the Republic of Serbia, we believe that it is necessary to introduce mediation as mandatory in proceedings involving financial services. Mandatory mediation in dispute resolution would allow for faster resolution of a large number of court cases related to financial services. On the other hand, users of financial services undoubtedly have this interest not only from the financial side due to the high costs incurred by court proceedings, but also due to the mass failures of users of financial services before courts in the Republic of Serbia related to financial services (e.g. reimbursement of loan processing costs and cancellation of loan agreements indexed in CHF). On the other hand, financial institutions share the same interest in terms of costs, and more importantly, doing so would protect and enhance their reputation, which is an extremely sensitive topic for financial service providers. Finally, the court would undoubtedly be relieved of a large number of court disputes, which would contribute to the efficiency of the judiciary in other areas where judicial protection is necessary.

8. Raising the limit on the value of a distance contract that can be concluded by giving consent to the conclusion of that contract using two-factor authentication

In order to further develop the digital financial services market, it is proposed to raise the limit on the value of distance contracts that can be concluded through double authentication, from the current RSD 600,000.00 to a higher threshold. This amendment is particularly significant for insurance services, voluntary pension fund management services, electronic money issuance services, investment services and financial arrangements. All of these products are not experiencing a major penetration into digital sales channels precisely because of the limitation in the value of the contract defined by the Law on the Protection of Financial Services Users in Distance Contracting.

Two-factor authentication, if set up adequately, as a security mechanism that includes at least two authentication factors, provides a high level of security and reliability in user identification. This provides legal certainty and protection for both parties, which further justifies an increase in the existing limit. We recommend that the new limit is RSD 1,200,000.00, in accordance with the Law on Financial Services adopted in 2025, which sets this limit for banking services, credit services and financial leasing services, which would then further provide legal certainty.

In order to preserve the financial market, and due to the increasingly rapid digitalization of the citizens of the Republic of Serbia, this amendment would increase the availability of financial and insurance products through digital channels, reduce the administrative costs of contracting and the time needed to conclude a contract. In addition, this type of contracting would further strengthen competition in the market through innovative digital sales channels, where competition would be reduced to the quality of service, and not the way of contracting, which is the essence of the digitalization of financial services.

9. Enabling banks to be representatives of voluntary pension fund management companies

Law on Voluntary Pension Funds and Pension Plans (Official Gazette of the Republic of Serbia, No. 85/2005 and 31/2011) – "Law on Voluntary Pension Funds" recognizes intermediaries as a form of distribution of voluntary pension fund services, by defining that intermediaries of voluntary pension fund services provide information on membership in a voluntary pension fund, undertake other actions to inform interested persons about the operations of voluntary pension funds and A voluntary pension fund. From this legal definition, it follows that intermediaries of voluntary pension fund services do not have the right to take any action other than to inform potential members of voluntary pension funds about the possibility of contracting a pension plan contract and to inform them about the details of this service. All further actions related to the conclusion of the pension plan contract must be undertaken by the management company, which means that the entire process of concluding the pension plan contract cannot be completed without the participation of the voluntary pension fund management company. Taking into account the social context in the Republic of Serbia, i.e. the inevitable increasing pressure on the state pension system due to the aging of the population, it is clear that in the future, voluntary pension funds will have to be

far more agile, which they cannot achieve if the process of contracting a pension plan cannot be administratively completed without a management company in each specific case. Such sluggishness of the voluntary pension fund management system does not contribute to competitiveness in the financial services market and threatens the potential of this type of savings of citizens.

Taking into account that the prerequisite for adequate financial support in retirement is the financial literacy of citizens, which has been recognized by the National Bank of Serbia through its strategy for improving financial literacy, and that the financial literacy of the citizens of the Republic of Serbia is still at the most important level in the domain of banking services, it is necessary that a significant penetration of voluntary pension funds among a wider circle of citizens of the Republic of Serbia occurs through the banking sector. Enabling banks to be representatives of voluntary pension fund management companies would enable the necessary approximation of these services to the widest circle of citizens of the Republic of Serbia, thus contributing to greater financial inclusion. Also, by maintaining the supervision by the National Bank of Serbia over the entire process and all participants in this process, and by obliging bank employees who would be representatives of this service to previously acquire licenses of the National Bank of Serbia for this type of representation, as well as the responsibility of companies for the management of voluntary pension funds for the work of their representatives, the quality would be ensured, Competence and responsibility in communicating with customers.

A larger number of members of voluntary pension funds would also contribute to a more stable inflow of funds into the funds, which would improve the position of all members of voluntary pension funds and further strengthen the social component of this service. In the broadest social context, the growth of funds in funds enables long-term investments in government bonds and the domestic capital market, which also contributes to the stability of the entire financial system of the Republic of Serbia.

10. Exemption from payment of fees to notaries public for the certification of signatures on agreements on dispute settlement through mediation

The exemption from payment of fees to notaries public for the certification of signatures on mediation dispute resolution agreements aims to further encourage the resolution of disputes through mediation as an efficient, fast and economical way of resolving disputes. In a situation in which in the Republic of Serbia, in addition to the fees for the work of notaries, the amount of court fees is also increasing, the availability of justice to the citizens of the Republic of Serbia and business entities has been seriously shaken, due to the need for these persons to have considerable financial resources to resolve their disputed relations with the help of legally acceptable and recognized procedures. In addition, as it is in the undoubted public interest to relieve the judicial system and thus improve its efficiency, and additionally to promote a culture of dialogue and compromise at the state level, by removing the financial barrier in the form of a reward to notaries public for certifying signatures, the parties are additionally motivated to resolve their disputed relations amicably. Also, given that the certification of signatures is a formality that is undertaken on an already reached agreement, solely in order for this agreement to acquire the status of an enforceable document, this measure is legally justified, because there is no legal added value of certifying signatures. In the event of the need for intervention of the judicial system, the parties will further use the services of the public enforcement and judicial functions, the work of which would certainly be paid on the basis of the relevant tariffs, in accordance with the legal justification for the payment of these fees.

11. Introduction of the possibility of certification of documentation by a notary public without the presence of the parties

In modern legal systems, the digitalization of legal services is an imperative for legal certainty, efficiency and access to justice. Enabling notaries to carry out the operations of certifying documents without the physical presence of the parties, with prior reliable video identification and the use of qualified electronic signature means, is an institute that meets the requirements of the time and technological development, and at the same time preserves the basic principles of notarial law - publicity, credibility, impartiality and personal responsibility of notaries.

Enabling notarization without the physical presence of the parties would be significant because it would enable greater access to notarial services, which is especially important for citizens residing abroad, in places without an available notary, for persons with reduced mobility, and in situations of emergency, pandemic or natural disasters. Also, this would increase the degree of legal certainty because the digital trace of each action (video identification, timestamp,

electronic signature) would provide a higher degree of control than with physical inspection. It is indisputable that this would have a positive impact on the more efficient functioning of legal transactions, especially in corporate and economic relations, where the speed and reliability of the legal form is crucial for the conclusion and execution of contracts.

The identity of the party could be determined through video identification, which involves the use of two-factor authentication means, digital identity documents with biometric data, as well as real-time monitoring of notaries. The identity established in this way meets the standards of "reliable identification procedure", as defined by international standards and positive regulations, and the legal framework for this type of identity determination has already been established by the Law on Electronic Document, Electronic Identification and Trust Services in Electronic Business.

The introduction of the institute of certification of documentation without the physical presence of the parties, with the mandatory video identification and the use of qualified electronic signature means, represents a significant step forward in the digitalization of the judiciary and public notary. Such a reform is not only technically feasible, but also legally justified, provided that the current legal framework is amended in accordance with European standards and principles of protection of rights.

FIC RECOMMENDATIONS

- Education of judicial office holders in the field of banking and insurance, and in this sense the introduction of specialized subjects in these areas at the Judicial Academy.
- Enabling electronic issuance of bills of exchange for natural persons.
- Permanent Settlement of Disputes Regarding Loan Processing Fee in the Manner Described Above and Amendment to Article 368, Paragraph 1 of the Code of Civil Procedure.
- Continuous exchange of views and constructive discussions with insurance companies regarding the implementation of rules on insurance distribution, i.e. regulatory requirements regarding market behaviour.
- Promoting mediation as a way of resolving disputes between banks/insurance companies, both with each other and with users of financial services, would be important, and in this sense, amendments to the Law on Mediation would be important.
- Amendments to the Law on Insurance and the Decision on the Implementation of the Provisions of the Law on Insurance Relating to the Issuance of Licenses to Conduct Insurance/Reinsurance Activities and Certain Approvals of the National Bank of Serbia to enable insurance companies to distribute banking services, subject to the fulfilment of the conditions prescribed by the National Bank of Serbia, which would establish a regulatory framework that would ensure the protection of users of financial services and increase the availability of services, improved competition and enabled better service for end users.
- Amendment to the Law on Protection of Financial Services Users, the Law on Banks and the Law on Insurance, which would introduce the obligation of mediation before the preparatory hearing, i.e. the first hearing for the main hearing.
- Amendment to the Law on Distance Protection of Financial Services Users in such a way that the limit on the value of distance contracts that can be concluded through double authentication is increased from the current RSD 600,000.00 to a higher amount.

- Amendment of the Law on Voluntary Pension Funds by introducing representatives of voluntary pension fund management companies.
- Amendment of the Notarial Tariff in such a way that the certification of signatures on agreements on dispute resolution through mediation would be exempt from paying the fee to notaries public for the certification of signatures.
- Amendment of the Law on Notary Public in such a way as to enable the certification of all documentation (contracts, statements, etc.) without the physical presence of the parties at the notary's premises, after video identification of the parties, with the harmonization of other regulations, which would enable the documentation certified in this way to have the same legal force and suitable for use in all legal affairs and for the same purposes as the documentation certified at the notary's premises.