



HNB

**GUVERNER**

Pursuant to Article 8, paragraph (3) and Article 31, paragraph (6) of the Act on Consumer Housing Loans (Official Gazette 101/2017) and Article 43, paragraph (2), item (9) of the Act on the Croatian National Bank (Official Gazette 75/2008 and 54/2013), the Governor of the Croatian National Bank hereby issues

## **DECISION**

**on the necessary knowledge and competence of staff of credit institutions and credit intermediaries and on the requirements and the procedure for authorisation to provide credit intermediation services**

### I GENERAL PROVISIONS

Subject matter

Article 1

(1) This Decision prescribes in detail:

- 1) knowledge and competence requirements for the staff of credit institutions and credit intermediaries operating pursuant to the Act on Consumer Housing Loans in relation to the services of manufacturing, offering or granting of agreements on consumer housing loans, and providing of credit intermediation services or advisory services;
- 2) conditions to be met by credit intermediaries as specified in Article 31, paragraph (2) of the Act on Consumer Housing Loans;
- 3) the issuing and the content of credit institutions' certificates verifying that credit intermediaries' staff possess adequate knowledge and competence;
- 4) the procedure for granting authorisation to provide credit intermediation services in relation to consumer housing loans (hereinafter referred to as 'authorisation to provide credit intermediation services') and the documents to be enclosed to the application for authorisation to provide credit intermediation services.

(2) This Decision transposes into the legal system of the Republic of Croatia Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (OJ L 60, 28.2.2014).

(3) The provisions of this Decision shall apply to credit intermediaries that obtained authorisations to provide credit intermediation services from the Croatian National Bank and to legal persons that submitted applications for authorisation to provide credit intermediation services.

(4) The provisions of Article 3, paragraphs (1) and (6) and Articles 5 to 8 of this Decision shall apply to credit intermediaries from another Member State authorised to provide credit intermediation services within the territory of the Republic of Croatia through a branch or directly.

(5) The provisions of Articles 3 to 5, Articles 8, 10, 11 and 13 of this Decision shall apply to credit institutions authorised by the Croatian National Bank to provide services referred to in Article 8, paragraph (1), item (8) of the Credit Institutions Act (Official Gazette 159/2013, 19/2015 and 102/2015).

(6) The provisions of Article 3, paragraphs (1) to (6) and Article 4, paragraphs (1), (2) and (7), and Articles 5, 8, 10, 11 and 13 of this Decision shall apply *mutatis mutandis* to credit intermediaries from other Member States authorised to provide credit intermediation services within the territory of the Republic of Croatia through a branch or directly.

(7) The provisions of this Decision applying to credit institutions shall also apply to credit unions.

## Definitions

### Article 2

For the purposes of this Decision, the terms 'credit institution', 'financial institution', 'subsidiary' and 'parent institution' shall be used as defined in Article 4, paragraph (1) of Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (SL, L 176, 27.6.2013, hereinafter referred to as 'Regulation (EU) No 575/2013').

## II NECESSARY KNOWLEDGE AND COMPETENCE OF STAFF OF CREDIT INSTITUTIONS AND CREDIT INTERMEDIARIES

### Knowledge and competence requirements for staff of credit intermediaries or credit institutions

#### Article 3

(1) The staff of credit institutions and credit intermediaries operating pursuant to the Act on Consumer Housing Loans in relation to the services of manufacturing, offering or granting of agreements on consumer housing loans, and providing of credit intermediation services or advisory services shall possess appropriate knowledge and competence, including at least:

- 1) appropriate knowledge of credit products within the scope of Article 4, paragraphs (1) and (5) of the Act on Consumer Housing Loans and the ancillary services typically offered with them;
- 2) appropriate knowledge of regulations related to agreements on consumer housing loans, in particular of regulations governing consumer protection;
- 3) appropriate knowledge and understanding of the immovable property purchasing process;
- 4) appropriate knowledge of procedures and regulations governing the valuation of residential immovable property or other collateral;
- 5) appropriate knowledge of organisation and functioning of land registers;
- 6) appropriate knowledge of organisation and functioning of the cadastre;

- 7) appropriate knowledge of the market in the Republic of Croatia and another Member State where they offer their services;
- 8) appropriate knowledge of business ethics standards;
- 9) appropriate knowledge of the consumer's creditworthiness assessment process or, where applicable, competence in assessing consumers' creditworthiness;
- 10) appropriate level of financial and economic competence and
- 11) appropriate knowledge of the procedure of collection of overdue liabilities from consumers with payment difficulties and appropriate knowledge of reasonable and justified measures aimed at alleviating the debt repayment burden.

(2) Credit institutions shall specify in their internal bylaws the staff participating in the creditworthiness assessment in relation to agreements on consumer housing loans. The staff shall possess the competence in the assessment of consumers' creditworthiness pursuant to regulations governing the creditworthiness assessment.

(3) The appropriate competence of the staff of credit institutions and credit intermediaries shall be determined on the basis of:

- 1) qualifications and
- 2) work experience.

(4) The staff of credit institutions and credit intermediaries shall have appropriate qualifications if they have at the minimum secondary school education.

(5) The staff of credit institutions and credit intermediaries shall have appropriate work experience if they have at the minimum:

- 1) secondary school education and three years of work experience in the field of finance, or
- 2) post secondary school qualification or the title of professional baccalaureus and two years of work experience in the field of finance, or
- 3) graduate degree or the title of baccalaureus and one year of work experience in the field of finance.

(6) If a credit institution or a credit intermediary from another Member State:

- a) provides its services through a branch in the Republic of Croatia, the staff of the branch must meet the minimum knowledge and competence requirements specified in paragraph (1) of this Article;
- b) provides its services in the Republic of Croatia directly, the staff of the credit institution or the credit intermediary shall meet the minimum knowledge and competence requirements specified in paragraph (1), items (2), (3), (5) and (6) of this Article.

(7) The staff of credit institution or a credit intermediary shall acquire appropriate knowledge in the field referred to in paragraph (1) through training in the credit institution in the manner stipulated in Article 4 of this Decision.

(8) The Croatian National Bank shall cooperate with the competent authority of the home Member State of credit institutions or credit intermediaries providing their services in the Republic of Croatia in accordance with paragraph (6) of this Article and with the competent authority of the home Member State competent for the supervision of credit intermediaries or credit institutions from the Republic of Croatia providing services in that Member State for the purpose of effective supervision and compliance with knowledge and competence requirements prescribed in this Article and they may delegate tasks and responsibilities to each other.

Training and issuing of certificates of knowledge and competence by the credit institution  
Article 4

(1) Credit institutions shall provide training to their staff in relation to the services of manufacturing, offering or granting of agreements on consumer housing loans and providing credit intermediation services or advisory services, at least in the field specified in Article 3, paragraph (1) of this Decision.

(2) Credit institutions shall provide training to the staff of the tied credit intermediaries in relation to the services of manufacturing, offering or granting of agreements on consumer housing loans and providing credit intermediation services or advisory services, at least in the field specified in Article 3, paragraph (1) of this Decision.

(3) By way of derogation from paragraphs (1) and (2) of this Article, in case of a group of credit institutions in the Republic of Croatia in the sense of Article 278 of the Credit Institutions Act, staff training may be provided by only one credit institution for all credit institutions in the group.

(4) After providing the training referred to in paragraph (1) and (2) of this Article, the credit institution shall test staff knowledge.

(5) The credit institution shall issue a certificate of knowledge and competence to the staff of the tied credit intermediaries based on the knowledge test referred to in paragraph (4) of this Article, including at least the following:

- 1) personal data (name and surname, personal identification number (OIB) and place of birth) of the staff member of the credit intermediary;
- 2) a statement that the staff member of the credit intermediary acquired the knowledge referred to in Article 3 paragraph (1) of this Decision;
- 3) the date of the test and
- 4) a signature of the person appointed by the credit institution to provide training and test staff knowledge.

(6) The credit institution shall keep records of knowledge tests of the staff of the credit institution and credit intermediaries.

(7) Credit intermediaries tied to multiple credit institutions shall attend training and be tested by all credit institutions to which they are tied.

(8) Credit institutions shall inform their staff as well as the staff of the tied credit intermediaries on all significant changes occurring in the fields referred to in Article 3, paragraph (1) of this Decision in a timely and ongoing manner.

(9) Staff members of credit institutions referred to in paragraph (1) of this Article as well as staff members of credit intermediaries referred to in paragraph (2) of this Article who did not provide the services referred to in paragraph (1) or (2) of this Article for longer than five years shall undergo training and have their knowledge tested again.

(10) Credit institutions shall appoint a staff member to provide training and test staff knowledge.

(11) Credit institutions shall create a training programme for the calendar year and submit it to the Croatian National Bank at the latest by 31 January of each calendar year. The programme shall also include the valuation criteria of the credit institution for staff knowledge tests.

(12) The appointed staff member referred to in paragraph (10) of this Article shall sign the certificate of knowledge and competence referred to in paragraph (5) of this Article and the training programme referred to in paragraph (11) of this Article.

#### Professional indemnity insurance Article 5

(1) Credit insurance shall have professional indemnity insurance against liability arising from the provision of credit intermediation services in accordance with Article 31, paragraph (2), item (2) of the Act on Consumer Housing Loans.

(2) The minimum monetary amount of professional indemnity insurance or comparable guarantee to be held by credit intermediaries is laid down by the Commission Delegated Regulation (EU) No 1125/2014 of 19 September 2014 supplementing Directive 2014/17/EU of the European Parliament and of the Council with regard to regulatory technical standards on the minimum monetary amount of the professional indemnity insurance or comparable guarantee to be held by credit intermediaries.

(3) By way of derogation from paragraph (1) of this Article, professional indemnity insurance or comparable guarantee for the credit intermediary may also be provided by the credit institution it is tied to.

#### Requirements on credit intermediaries to operate in accordance with the Act on Consumer Housing Loans and professional rules. Article 6

When assessing whether the credit intermediary will operate in accordance with the provisions of the Act on Consumer Housing Loans and professional rules, the Croatian National Bank will take into account the following:

- 1) whether the credit intermediary committed a criminal offence;
- 2) whether the credit intermediary committed any of the offences governed by laws regulating consumer protection;

- 3) whether the credit intermediary was subject to a supervisory measure by a supervisory or competent authority;
- 4) whether court proceedings were initiated against the credit intermediary relating to the infringement of the rights of employees or protection at work, compensation for damages or any other proceedings having to do with the infringement of the rights of others, and
- 5) whether any of the staff members of the credit intermediary committed a criminal offence or an offence subject to a fine in excess of HRK 40,000.00 or was subject to a supervisory measure by a supervisory or competent authority;

Member of the management board of a credit intermediary responsible for credit intermediation services  
Article 7

(1) A member of the management board or board of directors of a credit intermediary responsible for credit intermediation services shall be of good repute, which means that the person:

- 1) has not been convicted by a final judgement or that no criminal proceedings have been initiated against that person for any of the criminal offences referred to in Article 31, paragraph (2), item (4) of the Act on Consumer Housing Loans;
- 2) has not been convicted by a final judgement or that no criminal proceedings have been initiated against that person for any of the criminal offences not referred to in Article 31, paragraph (3) of the Act on Consumer Housing Loans that might affect the person's good repute;
- 3) who is a foreign citizen, has not been convicted by a final judgement or that no criminal proceedings have been initiated against that person which by their description match the criminal offences referred to in paragraph (1) and (2) of this paragraph;
- 4) has not been convicted by a final judgement for a minor offence or been subject to a supervisory measure by a supervisory or competent authority in the field of banking, insurance or finance, which could jeopardise the credit intermediaries' good reputation;
- 5) there are no other reasons to doubt the person's good repute.

(2) A member of the management board or board of directors of a credit intermediary responsible for credit intermediation services shall have adequate knowledge, competence, skills and experience to run the operations of the credit intermediary.

(3) A member of the management board or board of directors of a credit intermediary responsible for credit intermediation services must possess the knowledge referred to in Article 3, paragraph (1) of this Decision and the certificate referred to in Article 4 of this Decision.

(4) It shall be deemed that a member of the management board or board of directors of a credit intermediary responsible for credit intermediation services has adequate competence, skills and experience if the member has at least a post secondary school qualification or the title of professional baccalaureus and at least three years of work experience in the field of finance or at least two years of experience in management positions.

Agreement on the provision of credit intermediation services with a credit institution  
Article 8

(1) A credit intermediary shall have an agreement on the provision of credit intermediation services with a credit institution it is tied to, stipulating at least:

- 1) the name of the credit institution on whose behalf and for whose account the credit intermediary provides credit intermediation services;
- 2) the services referred to in Article 3, paragraph (5) of the Act on Consumer Housing Loans that the credit intermediary provides for the credit institution;
- 3) information on whether the credit intermediary provides advisory services;
- 4) the obligation of the credit institution to provide training and test the knowledge of staff members of the credit intermediary in accordance with this Decision and to notify them on all changes in its offer in a timely and ongoing manner;
- 5) the obligation of the credit intermediary to allow the credit institution supervision over its operation;
- 6) the obligation of the credit institution to supervise the credit intermediary;
- 7) the duration of the agreement and conditions for cancellation or termination of the agreement;
8. the credit institution's requirements relating to the level of service and the quality of service provision;
- 9) the manner in which the services provided by the credit intermediary pursuant to this agreement are supervised;
- 10) types of reports to be received by the credit institution from the credit intermediary and the frequency of their delivery;
- 11) the obligation of banking and business secrecy and the obligation and manner of protecting the confidentiality of data;
- 12) the obligation of the credit intermediary to require a written approval of the credit institution before concluding an agreement with a subcontractor;
- 13) the obligation of the credit intermediary to notify the credit institution in a timely manner of all facts and changes in the circumstances that have, or might have a significant influence on the meeting of the contractual obligations;
- 14) the obligation of the credit intermediary to provide services in such a way that it fully complies with the existing regulations of the Republic of Croatia;
- 15) the obligation of the credit intermediary to enable the Croatian National Bank to carry out on-site examination in the locality where the services are being provided, or at the credit intermediary's premises, and to provide access to the documentation and data related to outsourcing which are in the possession of the credit intermediary;
- 16) duration of the agreement;
- 17) a detailed description of the conditions for the cancellation and/or termination of the agreement, including the rights of the credit institution to cancel or terminate an agreement with the credit intermediary, if so ordered by the Croatian National Bank;

- 18) a detailed description of the rights and obligations of the parties to the agreement in the case of premature termination of the agreement, in order to ensure continuity of service provision;
- 19) the applicable law chosen; and
- 20) the method of dispute settlement.

(2) By way of derogation from paragraph (1) of this Article, at the moment of submitting the application for authorisation to provide credit intermediation services in relation to consumer housing loans, the credit intermediary may also conclude a preliminary agreement on the provision of credit intermediation services with the credit institution it is tied to. However, the preliminary agreement must stipulate the obligation to conclude an agreement on the provision of credit intermediation services in accordance with paragraph (1) of this Article within three months of the receipt of the authorisation. The preliminary agreement shall contain at least the provisions specified in paragraph (1) of this Article. After the agreement is concluded, the credit institution shall deliver it to the Croatian National Bank.

#### V THE PROCEDURE FOR AUTHORISATION TO PROVIDE CREDIT INTERMEDIATION SERVICES IN RELATION TO CONSUMER HOUSING LOANS AND DOCUMENTATION ENCLOSED TO THE APPLICATION

Application for authorisation to provide credit intermediation services in relation to consumer housing loans  
Article 9

A legal persons intending to provide credit intermediation services shall submit to the Croatian National Bank an Application for authorisation to provide credit intermediation services in relation to consumer housing loans in Form 1 given in the Annex to this Decision, enclosing the following:

- 1) the (preliminary) agreement on the provision of credit intermediation services with the credit institution it intends to be tied to;
- 2) a copy of the professional indemnity insurance policy or comparable guarantee covering the entire territory in which it offers credit intermediation services;
- 3) a completed Statement by the credit intermediary in Form 2 given in the Annex to this Decision;
- 4) certified copy of the personal identity card (passport for foreign citizens) of the member of the board of the applicant who will be responsible for the provision of credit intermediation services;
- 5) a certified copy of the diploma (or a Croatian translation of a foreign university diploma certified by a sworn and certified court interpreter) of the member of the board of the applicant;
- 6) a completed Questionnaire by the member of the board or board of directors of the credit intermediary who will be responsible for credit intermediation services in Form 3 given in the Annex to this Decision;
- 7) evidence that the member of the board or board of directors of the credit intermediary has the qualifications listed in item 4 of the Questionnaire in Form 3 given in the Annex to this Decision;
- 8) evidence that the member of the board or board of directors of the credit intermediary has the knowledge referred to in Article (3), paragraph (1) of this Decision and evidence of applications and the procedure for authorisation to provide credit intermediation services referred to in item 5 of the Questionnaire in Form 3 given in the Annex to this Decision;
- 9) evidence that the member of the board or board of directors of the credit intermediary has the work experience listed in item 6 of the Questionnaire in Form 3 given in the Annex to this Decision;
- 10) a completed Form 4 given in the Annex to this Decision containing data on the staff of the credit intermediary;



- 11) evidence on the education and qualifications of each member of the credit intermediary named in Form 4 given in the Annex to this Decision;
- 12) evidence on the work experience of each member of the credit intermediary named in Form 4 given in the Annex to this Decision;
- 13) certificate of knowledge and competence of each member of the credit intermediary named in Form 4 given in the Annex to this Decision;

#### Submission of application by the credit institution

##### Article 10

(1) An application for authorisation to provide credit intermediation services for only one credit institution (hereinafter referred to as 'authorisation for credit intermediation for one credit institution') shall be submitted by the credit institution in Form 5 given in the Annex to this Decision which shall enclose:

- 1) a statement by the credit intermediary that it will provide credit intermediation services in relation to consumer housing loans for the credit institution only;
- 2) an assessment that the credit intermediary meets the conditions referred to in Article 31, paragraph (2), items (1) to (3) and (5) and (6) of the Act on Consumer Housing Loans;

(2) The credit institution shall determine in the assessment referred to in paragraph (1), item (2) of this Article whether the credit intermediary meets the conditions referred to in Article 31, paragraph (2), items (1) to (3) and items (5) and (6) of the Act on Consumer Housing Loans;

(3) The credit institution shall ensure that the credit intermediary completes the Statement by the credit intermediary in Form 2 given in the Annex to this Decision and completes Form 4 given in the Annex to this Decision with the data on the staff of the credit intermediary, and that the member of the board responsible for the provision of credit intermediation services completes the Questionnaire for the member of the management board or board of directors of the credit intermediary who will be responsible for the provision of credit intermediation services in Form 3 given in the Annex to this Decision and to submit them together with the application referred to in paragraph (1) of this Article.

#### Decision granting authorisation with a suspensive effect

##### Article 11

(1) If the applicant failed to submit a certificate of knowledge and competence referred to in Article 4, paragraph (4) of this Decision enclosed to the application or evidence of professional indemnity insurance or comparable guarantee referred to in Article 5 of this Decision, and the Croatian National Bank deemed that all other conditions specified by the Act on Consumer Housing Loans have been met, the authorisation to provide credit intermediation services may be granted with a suspensive effect. The suspensive effect may be set for a maximum period of six months. Where the certificate of knowledge and competence and evidence of professional indemnity insurance or comparable guarantee is not submitted within the time limit referred to in the Decision, the Croatian National Bank shall repeal the Decision.

(2) If the applicant also submitted a preliminary agreement on the provision of credit intermediation services with the credit institution it intends to be tied to, the authorisation to provide credit intermediation services may be granted with a suspensive effect not longer than six months. If the agreement is not submitted within the time limit referred to in the Decision, the Croatian National Bank shall repeal the Decision in the part pertaining to the credit institution for which no agreement has been submitted.

*Data updates*  
Article 12

In case of changes that might indicate that the credit intermediary no longer meets the prescribed conditions, the credit intermediary shall notify the Croatian National Bank thereof without delay, not later than eight days after determining the change.

VI TRANSITIONAL AND FINAL PROVISIONS

Entry into force and application  
Article 13

(1) This Decision shall enter into force on the eighth day after the day of its publication in the Official Gazette.

(2) Credit institutions shall adjust to the provisions of Articles 2 to 8 of this Decision within 60 days of its entry into force.

(3) By way of derogation from Article 4, paragraph (11) of this Decision, credit institutions shall submit their training programmes for 2018 to the Croatian National Bank within 60 days of the entry into force of this Decision.

No.: /  
Zagreb,

Governor  
Croatian National Bank  
Boris Vujčić