

Kos Giro

- At the end of 2003 the IMF completed a study on retail payments in Kosovo. Account holding is relatively widespread (to receive salaries), but payments are still made predominantly in cash. To move towards a less cash and more efficient economy, the IMF-study recommended to facilitate bill payments through standardization and automation.
- CBAK (Central Banking Authority of Kosovo) developed the Kos-giro payment scheme in 2004 in close cooperation with the IMF, all 7 commercial banks and the 2 largest utilities in Kosovo: KEK and PTK. Since the end of 2004 a pilot is running in Prishtina, with other billers joining in (the water utility Battlava and Termokos heating; UNMIK Customs, Municipality of Prishtina Property Tax, Car Registration).
- The Kos-giro provides a convenient way to pay bills from a bank account or in cash. Its principal use is for regular periodic payments like utility bills, taxes or subscription fees.

What is Kos Giro?

Kos-giro consists of:

a standardized payment form (see picture), which is attached to a regular bill.

a standardized and efficient (automated) way of processing the payment by the banks

a standardised and efficient way of providing payment details by the bank to the biller for automated reconciliation

- CBAK has prepared the Memorandum Of Understanding (Memorandum of Understanding) to formalize the cooperation and responsibilities of CBAK, banks and utilities in the Kosgiro-project.

All commercial banks in Kosovo have joined the central CBAK in the Kos-giro project

The following utilities have joined the Kosgiro project :

- KEK
- PTK
- Termokos heating
- UNMIK customs
- Battlava
- Car Registration
- Prishtina property tax

The first 4 utilities have already issued bills with Kosgiro. The others are adjusting their billing system to include Kos-giro.

PAYERS

- You receive a bill from the utility, with the Kos-giro attached.
- You detach the Kos-giro from the bill.
- You take the Kos-giro to your neighbourhood bank where a teller will process the Kos-giro payment.
- You pay the bill in cash or by direct transfer of funds from your bank account.

- The teller produces an account statement or receipt for you with all payment details.
- Your bank will transfer the funds to the bank account of the utility.

BILLERS

You sign up for Kos-giro with CBAK and make the necessary preparations to use Kos-giro:

- you choose a bank and account to receive money from Kos-giro payments (it can be a your present account)
- you choose an offset printer to buy standard Kos-giro forms (the offset-printer must be certified by CBAK)
- you redesign your bill to include the Kos-giro at the bottom
- you adapt your billing system to print bills with Kos-giro (in accordance with the standards supplied by CBAK)
- you adapt your billing system to import files with Kos-giro payment details from your bank and get them reconciled automatically with unsettled bills
- you run a pilot with a limited number of customers to test everything

Once the preparations have been completed, you can print all your bills with Kos-giro.

The bank you have chosen will credit your account for Kos-giro payments received. It will also supply you with a file with payment details for automated reconciliation. Your automated reconciliation will be based on a unique payment reference number which you generated in your billing system and which you printed on the Kos-giro.

Why should we use Kos-giro to receive bill payments?

How are Kos-giros processed?

What should we do to receive bill payments with Kos-giro?

Can we use our present bankaccount to receive Kos-giro payments?

What should we put as payment referencenumber for automated reconciliation?

Can all our customers use Kos-giro?

A customer complains that we sent a reminder but he claims he has paid with Kos-giro. What should we do?

How much does an Kos-giro payment cost?

Where can we order Kos-giros to print our bills?

What is the role of CBAK?

Banks

How should I process an Kos-giro payment from the bank account of my customer?

How should I process an Kos-giro payment from someone who has no bank account with us?

Can the customer pay a different amount than what is printed on the Kos-giro?

A customer complains that he has paid with Kos-giro but the utility has not received the payment. What should I advise?

A corporate customer or government organization asks about Kos-giro.

What should I tell them?

A utility wants to use Kos-giro. What do we need to arrange with them?

What is Kos-giro?

The Kos-giro provides a convenient way to pay bills from a bank account or in cash.

Its principal use is for regular periodic payments like utility bills, taxes or subscription fees.

Kos-giro consists of:

- a standardized payment form (see picture), which is attached to a regular bill.
- a standardized and efficient (automated) way of processing the payment by the banks
- a standardised and efficient way of providing payment details by the bank to the biller for automated reconciliation

Why has Kos-giro been developed?

The purpose of the Kos-giro is to:

- provide payers with a convenient way to pay bills

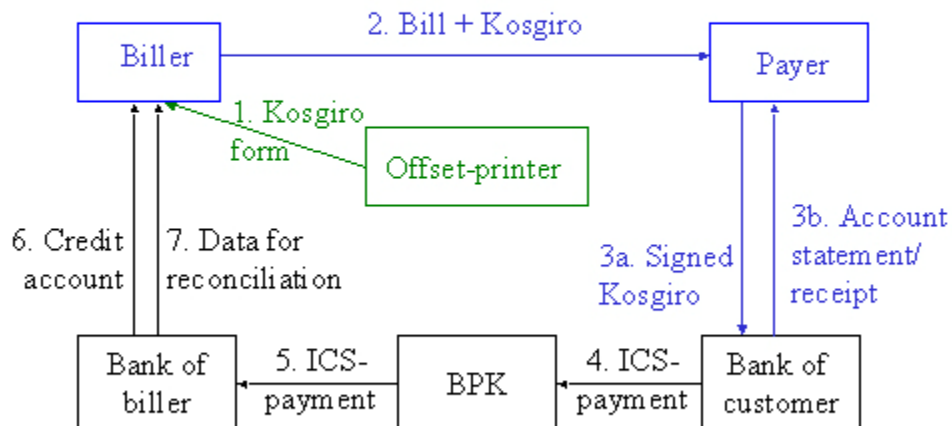
- provide billers with an efficient way to collect money for bills
- provide banks with an efficient payment instrument to reduce cash and increase the use of electronic payments and money held in bankaccounts.

How does Kos-giro work?

The processing of Kos-giro is shown in the figure below

1. The biller orders standard Kos-giro forms from an offset printer, which has been certified by CBAK.
2. The biller prints a bill and the Kos-giro (attached at the bottom) and sends it to the customer. The biller has printed payment details on the Kos-giro, like name and address of the customer (and if known his/her accountnumber), the amount to be paid and a unique referencenumber for reconciliation. Part of these data are also included in a bar code to enable automated processing (scanning at the teller similar to the check-out in a super-market).
3. The payer tears off the Kos-giro from the bill (aided by a perforation), signs it and delivers it to his bank (or any bank if he has no bankaccount). The teller scans the bar code, debits the account of the payer (or accepts cash) and delivers an account statement (or receipt) to the payer
4. The bank of the payer submits the Kosgiro payment to CBAK for clearing and settlement
5. CBAK transfers the Kosgiro-payment to the bank of the biller
6. The bank of the biller credits the account and
7. The bank of the biller sends a file with payment details to the biller for automated reconciliation.

Processing of Kosgiro



Why pay with Kos-giro?

Kos-giro offers you the following advantages in paying your bills:

- easy: you can pay bills of several utilities in 1 place, your bank. You only need to sign the form and perhaps fill in your account number (all other payment details are already filled in by the utility)
- you can go to any bank to pay your bills with Kos-giro in cash (e.g. if you do not have a bank account)
- free of charge: as Kosgiro is an efficient way of payment, banks will not charge you as with many other bank transfers
- guarantee of payment: the bank will make sure that the biller gets your payment and offer you an account statement or receipt as legal proof of your payment. The Kos-giro will also help the biller to register your payment correctly and to update the billing administration.
- the biller can offer you an incentive if you pay with Kosgiro.

How can I use Kos-giro to pay my bill?

You can only use Kosgiro when your utility/biller has joined the Kos-giro project (see list of Kos-giro partners) and has attached a Kos-giro to your bill.

See attached sample letter with instructions for use which a utility generally provides to you the first time they send you a Kos-giro.

Where can I pay my bill with Kos-giro?

- at your own bank if you want to pay from your bank account
- at any bank if you want to pay in cash.

At this stage of pilot, only bank branches in Pristina are ready to process your payments (see attached list of addresses), plus all bank offices of Raiffeissen in Kosovo. Later in 2005 we expect that all branch offices in Kosovo will be ready.

I do not have a bank account. Can I use Kos-giro?

Yes, you can pay in cash at any bank. Please make sure that you get a receipt from the bank as proof of your payment.

Can I pay in cash?

Yes, you can pay in cash at any bank. Please make sure that you get a receipt from the bank as proof of your payment.

Can I pay a different amount than what is printed on the Kos-giro?

Yes, you can pay a different amount. Please inform the teller about the amount you do want to pay. Please check your account statement or receipt that the teller has done this correctly.

Do I need to pay something to the bank for processing of the payment?

No, the banks will not charge the payer for using Kos-giro.

Can the biller send the bill directly to the bank and have it processed there automatically?

No. The principle of Kos-giro is that you have to approve the payment (through your signature) before it is processed.

In the future banks in Kosovo might introduce a new payment service called direct debit, where you need to authorise the biller only once; afterwards the biller can submit the payment instructions directly to your bank for automated processing.

Can I give my account number to the utility?

Yes, you are encouraged to give your accountnumber to a utility when they ask for this information. It enables them to include your accountnumber on the next Kosgiro, so you do not need to fill it in yourself.

The biller is legally bound (through a contract with CBAK) to respect your privacy and use your bankaccountnumber only for this purpose.

Can I still pay at the office of the utility?

Yes, you can still pay at the office of the utility in the way you used to do (without Kosgiro).

Can I be sure that the utility will receive my Kos-giro payment?

Yes, you can. The bank will give you an account statement or receipt as legal proof. If the utility says that it did not receive your payment, you can show this statement or receipt. The utility will then check it's own administration and trace your payment with it's own bank.

When should I contact the bank?

Contact your bank for:

- questions about Kos-giro
- inquiries if you think the bank has not processed your Kosgiro-payment correctly

When should I contact the biller?

Contact your biller for:

- questions about a bill
- questions about Kos-giros which they sent you inquiries if the utility claims that it has not received your payment.