

BANKING PERIODIC

OVERVIEW OF THE FINANCIAL
SECTOR IN KOSOVO

ELECTRONIC BANKING SERVICES

BANKING PERIODIC



SHOQATA E BANKAVE TË KOSOVËS
KOSOVO BANKING ASSOCIATION

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SHOQATA E BANKAVE TË KOSOVËS
KOSOVO BANKING ASSOCIATION

The views and opinions expressed in this publication are a summary of the discussions by panels of the Finance Fair 2015. These views and opinions do not necessarily reflect the views of the Kosovo Banking Association. This review will serve as a reflection on what has been concluded from the discussions at the two-day conferences and opening of the Finance Fair 2015 so that the relevant institutions can take respective measures to improve the business environment in Kosovo.

ELECTRONIC BANKING SERVICES

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I. ELECTRONIC BANKING SERVICES

The banking industry in Kosovo is increasingly being oriented and developed towards the advancement and greater use of electronic services. This rapid development towards the advancement of electronic payment instruments is a response to the development of information technology in general in line with international trends. At the same time, it represents the banking industry adapting to new requirements and customer needs so that these services be more secure, easily realizable, easily accessible and quick in terms of saving time.



It is important to assess that the citizens have responded positively to the rapid development of electronic services in the banking industry in Kosovo, where their use in terms of numbers is increasing, marking doubling values in some cases.

Number of bank cards

To view this development, Table 1 shows the number of bank cards issued by the banking industry for the citizens of Kosovo.

STATISTICS ON THE NUMBER OF BANK CARDS				
No.	Cards by function	2013	2014	2015
I.	Cards with a cash function	754,380	813,026	1,041,592
II.	Cards with a payment function of which:	754,380	799,742	1,041,592
	1 - Cards with a debit function	645,048	678,090	837,747
	2 - Cards with a credit function	109,332	121,652	203,845
III.	Cards with e-money function of which:	15,017	13,284	199
	1 - Cards with an e-money function which have been loaded at least once	15,017	13,284	196
IV.	Total number of cards of which:	769,397	813,026	1,041,791
	1- Cards with a combined debit, cash or e-money function	769,397	813,026	1,029,094

Tab. 1 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

At the end of 2015, the number of bank cards in use increased by 28.1% compared to 2014, in comparison to the 7.7% increase in 2014 in relation to 2013. This larger increase at the end of 2015 can be seen in figure 1 presented.

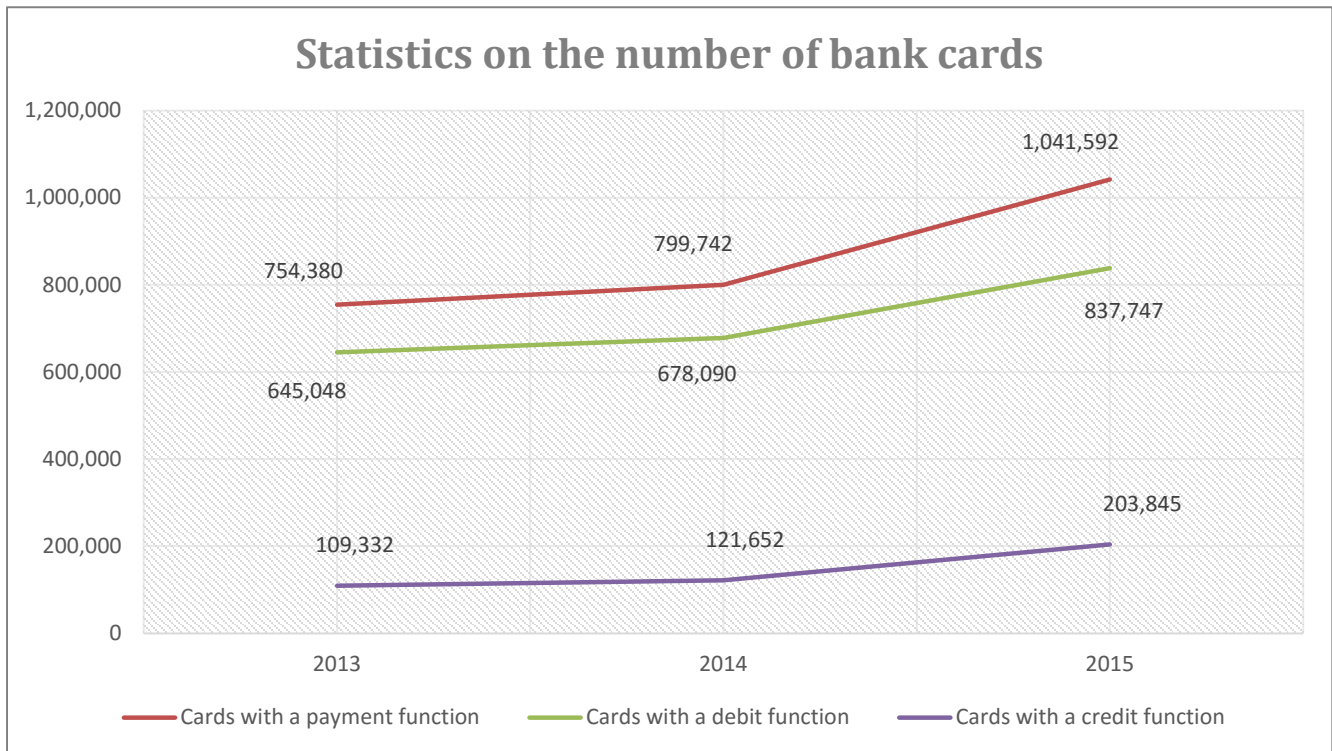


Fig. 1 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

At the end of 2015, cards with a credit function grew significantly or rather increased by 67.5% compared to 2014. Cards with debit function also increased by 23.5% compared to 2014.

Cards of the banking industry are used for online purchases either through the Internet, cash withdrawals through ATMs, or payments through points of sale. Table 2 presents data on the number of bank terminals which are in use for citizens of Kosovo.

Number of terminals for cards and electronic money

STATISTICS ON BANK TERMINALS								
No.	Terminals by function	2009	2010	2011	2012	2013	2014	2015
I.	Automated Teller Machines (ATM) of which:	339	415	460	483	496	498	540
	1-ATMs with a cash withdrawal function	339	415	460	483	496	498	540
	2-ATMs with a credit transfer function of which:	112	141	147	145	148	50	97
	a-ATM with Kos Giro payment function	N/A	39	69	73	70	50	97
	3- ATMs with a deposit function	0	0	1	1	8	13	78
II.	Terminals POS (Point of Sale) of which:	5,251	6,194	7,534	8,592	9,071	9,349	9,705
	1-POS terminals with a cash withdrawal function	212	212	1,376	220	215	220	180
	2-terminals EFTPOS	5,223	5,930	6,320	8,499	8,856	9,179	9,525

Tab. 2 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

As can be seen from the data presented in Table 2, all values have increased; whereas, at the end of 2015 the number of points of sale (POS) increased by 3.8% compared to 2014, while the number of ATMs increased by 8.4%. If we compare the same for a longer period, between the years 2009 - 2015 it can be seen that the number of ATMs increased by 59.2%, while the number of points of sales increased by 84.8%.



Number and value of card transactions through terminals

In Table 3 and 4 we can see how much are bank cards used by number and value of transactions at ATMs and points of sale in the banking industry. More accurately, Table 3 shows the number of card transactions executed through the years.

NUMBER OF CARD TRANSACTIONS THROUGH TERMINALS				
No.	Description	2013	2014	2015
I.	Total number of transactions with cards of which:	13,129,074	14,734,189	16,183,996
	1-ATM cash withdrawals	9,251,512	9,926,136	10,422,617
	2-ATM deposits	5,314	27,724	232,625
	3-ATM credit transfers	108,308	70,160	42,572
	4-POS terminal cash withdrawals	21,964	13,333	14,523
	5-Card payments at POS terminals	3,741,976	4,696,836	5,471,659

Tab. 3 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

Total transactions at the end of 2015 increased by 9.8% compared to 2014. The number of transactions through ATMs increased by 5% while, card payment through POS increased by 16.4%. It is important to note that ATM deposits have also started to record significant growth compared to 2014, although in smaller amounts, in which case the increase was 739% at the end of 2015.

The values of transactions executed through payment instruments have marked a roughly similar trend. Table 4 shows these data.

VALUE OF CARD TRANSACTIONS THROUGH TERMINALS				
No.	Description	2013	2014	2015
I.	Total number of transactions with cards of which:	1,115,499,704	1,262,232,598	1,728,032,876.06
	1-ATM cash withdrawals	936,184,272	996,236,120	1,222,659,417.13
	2-ATM deposits	1,953,275	13,488,633	181,428,729.23
	3-ATM credit transfers	781,258	515,457	373,621.03
	4-POS terminal cash withdrawals	24,576,284	13,878,586	20,357,075.19
	5-Card payments at POS terminals	191,954,615	238,113,801	303,214,033.48

Tab. 4 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

As can be seen, the total value of card transactions in 2015 increased by 36.9% compared to 2014. The values of withdrawals at ATMs at the end of 2015 also marked an increase of 22.7% compared to 2014. The value of payments with cards at POS terminals also grew by 27.3%.



The number and value of e-banking accounts

Development of technological services has led people to use them greatly, thus making the need to visit the bank branch by the customer to be much smaller compared to the past. This is because the citizens of Kosovo increasingly use more electronic service e-banking through which it's possible to realize almost all types of transactions ranging from simple necessary payments (payment of daily invoices) to those payments that enable citizens to settle their tax obligations, customs, contributions and many other opportunities.

Table 5 shows the growth in the number of e-banking accounts over the years. At the end of 2015, the number of e-banking accounts increased by 18.7% compared to 2014. If the number of e-banking accounts at the end of 2015 is compared to 2010, then this number is increased by 238%.

NUMBER OF E-BANKING ACCOUNTS							
No.	Description	2010	2011	2012	2013	2014	2015
I.	Number of E-Banking accounts	55,292	68,990	97,089	131,365	157,761	187,297

Tab. 5 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

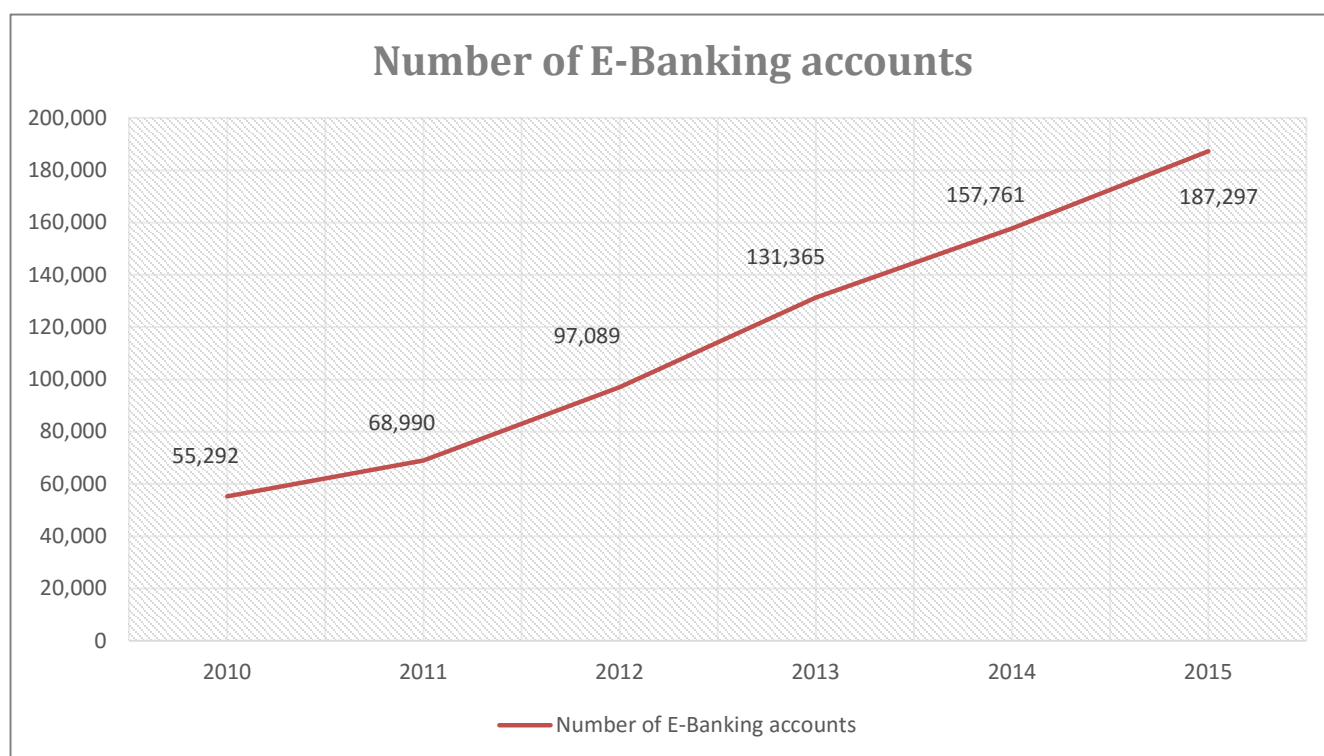


Fig. 2 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

The increasing trend of the number of e-banking accounts can be seen from Figure 2 shown, which has recorded a positive trend in all the years taken for comparison.

VOLUME OF E-BANKING TRANSACTIONS PRESENTED IN NUMBERS AND VALUES OVER THE YEARS								
No.	Description	2009	2010	2011	2012	2013	2014	2015
1.	Number of transactions	228,886	318,375	424,273	625,762	1,056,655	1,579,838	2,311,564
2.	Value of transactions	607,305,816.66	782,383,356.93	1,218,089,663.00	1,499,093,438.23	2,671,011,545.81	4,220,405,695.61	5,746,325,675.39

Tab. 6 | Source: CBK – Monthly report on cash and non-cash instruments (February 2016)

The increase in number and value of transactions through e-banking can be seen in Table 6. This increase shows that citizens of Kosovo have accepted the developments made by the banking industry on electronic services without a problem, for the fact that these developments are in conformity with the needs of market.

II. KEY INDICATORS OF THE BANKING INDUSTRY

The banking industry in Kosovo has shown stability and sustainability continuously since the war until recent years, providing security and showing reliability to the citizens of the Republic of Kosovo. The banking industry has recorded positive growth in almost all its key indicators, which shows a healthy market of this industry.

Structure of assets

Table 7 shows data on total assets of the banking industry and the structure of this industry.

STRUCTURE OF ASSETS OF THE BANKING INDUSTRY (million euro)						
Description	2010	2011	2012	2013	2014	2015
Cash and balances with CBK	307.0	331.5	425.7	463.3	447.1	491.2
Balance with commercial banks	439.1	329.5	287.9	339.9	390.7	316.0
Securities	173.4	202.0	256.6	354.5	383.8	473.5
Loans and leasing	1,458.7	1,698.1	1,763.4	1,805.8	1,882.4	2,019.4
Fixed assets	44.0	47.4	57.7	55.5	53.7	57.3
Other assets	32.9	41.3	38.1	40.3	27.9	29.8
Total assets	2,455.1	2,649.7	2,829.3	3,059.3	3,185.6	3,387.3

Tab. 7 | Source: CBK – Balance sheet of other depository corporations (February 2016)

Within the total assets of the banking industry, the majority is made up of total loans and leases with 59.6% (2015), followed by cash with 14.5%, securities with 14.0%, and so on.

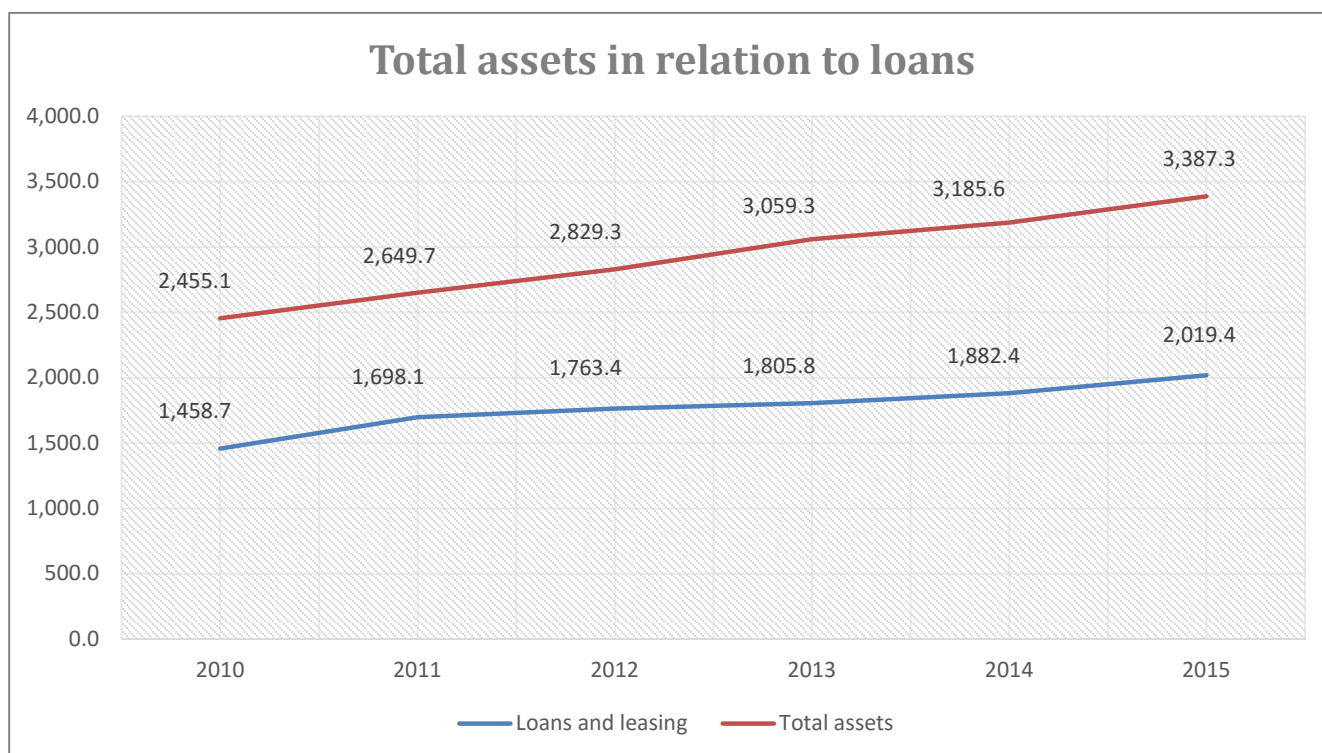


Fig. 3 | Source: CBK – Balance sheet of other depository corporations (February 2016)

The trend of growth of total assets and loans can also be seen from Figure 3 shown. At year end 2015, total assets increased by 6.3% compared to 2014, while loans and leases increased by 7.2% during the same period.

Structure of liabilities

STRUCTURE OF LIABILITIES OF THE BANKING INDUSTRY (million euro)						
Description	2010	2011	2012	2013	2014	2015
Balance from other banks	70.7	40.0	6.0	16.5	31.6	43.4
Deposits	1,936.8	2,104.0	2,279.1	2,449.0	2,537.5	2,701.4
Other borrowing	23.4	30.4	18.9	13.4	14.1	17.6
Written down provisions	0.1	0.2	1.7	2.0	2.9	3.1
Other liabilities	160.1	191.3	221.4	244.1	229.2	191.2
Subordinated debt	33.5	31.0	31.0	56.3	47.3	36.8
Bank's liabilities on acceptances outstanding	-	-	0.5	0.1	-	-
Own resources	230.4	252.8	270.7	277.8	323.0	393.8
Total liabilities	2,455.1	2,649.7	2,829.3	3,059.3	3,185.6	3,387.3

Tab. 8 | Source: CBK – Balance sheet of other depository corporations (February 2016)

Within the structure of liabilities from Table 8, it can be seen that deposits dominate the main part with a total of 79.8% of total liabilities at the end of 2015, while the rest is composed of own resources with 11.6%, other liabilities with 5.6% and so on .

Table 9 shows the ratio between deposits and loans of the banking industry. From the data obtained for comparison basis, it can be seen that the banking industry has always maintained the ratio between loans and deposits to approximately 80%, thus being liquid at all times and ready to cover its obligations at any time.

GROSS LOANS IN RELATION TO DEPOSITS (million euro)						
Description	2010	2011	2012	2013	2014	2015
Deposits	1,936.8	2,104.0	2,279.1	2,449.0	2,537.5	2,701.4
Gross loans and leasing	1,458.7	1,698.1	1,763.4	1,805.8	1,882.4	2,019.4
Ratio	75.3%	80.7%	77.4%	73.7%	74.2%	74.8%

Tab. 9 | Source: CBK – Balance sheet of other depository corporations (February 2016)

In Figure 4, the increasing trend of the two leading bank industry indicators of deposits and loans can also be observed.

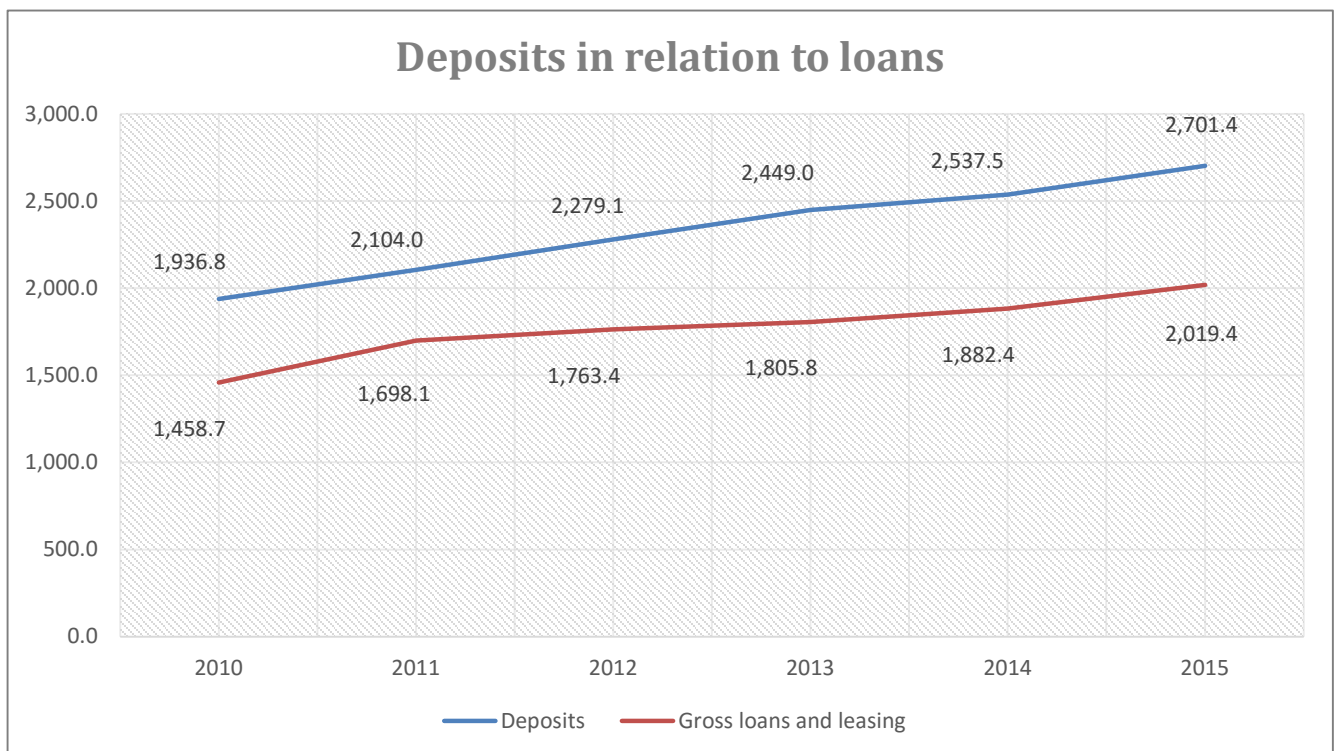


Fig. 4 | Source: CBK – Balance sheet of other depository corporations (February 2016)

The growth of deposits and loans is approximately in similar proportion to one another, ensuring that loans issued by the industry never exceed deposits of citizens.

LOANS BY ECONOMIC ACTIVITY (million euro)											
Description	Agriculture	Mining	Manufacturing	Energy	Construction	Trade	Hotels & Restaurants	Other trade	Financial services	Other services	Total
2010	38.2	14.6	127.6	18.0	109.1	521.2	39.5	18.9	22.0	113.6	1,022.8
2011	40.5	17.2	136.7	14.5	116.3	606.2	39.9	23.4	55.0	99.9	1,149.5
2012	43.6	16.2	133.1	15.9	125.2	635.3	38.8	22.7	54.5	108.8	1,194.2
2013	45.8	20.1	131.7	20.8	118.7	640.6	49.2	19.1	68.8	102.6	1,217.4
2014	49.8	19.7	153.0	20.3	107.0	674.5	51.4	18.1	60.6	102.0	1,256.4
2015	59.9	19.2	164.1	17.8	99.5	683.0	50.7	21.3	94.0	123.8	1,333.4

Tab. 10 | Source: CBK – Loans of other depository corporations by economic activity (February 2016)

Within the structure of loans issued to sectors of the economy, loans issued to trade dominate, which by the end of 2015 accounted for 51.2% of total loans by economic activity, followed by manufacturing with 12.3%, other services by 9.3% and so on. In most economic sectors, values of loans have increased over the years, except for construction which recorded a slight decline.



Revenues and expenses

The banking industry in Kosovo has also consistently recorded positive revenue values in relation to expenses. Table 11 and 12 shows the ratio of these two indicators.

REVENUES OF THE BANKING INDUSTRY (million euro)								
Period	Interest income				Non-interest income		Income from revaluations	Total
	Loans	Bank placements	Securities	Other	Fees and commissions	Other operating income		
2010	169.6	2.7	3.1	0.4	37.5	3.9	.	217.2
2011	186.3	4.1	4.2	0.5	41.7	3.3	.	240.1
2012	194.9	2.0	3.0	0.6	44.2	2.4	.	247.0
2013	192.5	1.4	2.3	2.0	45.6	3.9	1.2	249.0
2014	190.7	1.1	2.9	2.5	44.6	3.1	0.5	245.3
2015	180.4	0.5	4.4	0.7	47.1	4.0	1.1	238.2

Tab. 11 | Source: CBK – Income statement of other depository corporations (February 2016)

In Table 11, we can see that the revenues obtained through years taken for comparison were approximately the same, while expenses have declined over the years, especially in the last three years, which has made the profit generated for the sector to grow.

EXPENSES OF THE BANKING INDUSTRY (million euro)										
Period	Interest expense			Non-interest expense		General and administrative expenses			Provisions	Total
	Deposits	Borrowing	Other	Fees and commissions	Loan loss provisions	Personnel expenses	General expenses	Other non-interest expenses		
2010	49.4	4.8	1.1	7.7	28.3	37.8	37.6	12.6	5.5	184.8
2011	51.3	5.6	1.5	8.5	34.8	40.7	33.5	22.9	5.3	204.1
2012	57.6	3.2	2.3	8.7	50.3	42.3	35.5	24.5	4.0	228.6
2013	58.0	2.6	3.2	9.4	46.1	42.3	35.6	22.5	3.2	223.0
2014	36.4	3.3	4.5	11.1	20.5	42.7	35.1	24.4	6.8	184.8
2015	16.7	3.8	2.1	12.0	-8.4	44.0	35.7	27.8	9.7	143.5

Tab. 12 | Source: CBK – Income statement of other depository corporations (February 2016)

Figure 5 shows the trends of revenues and expenses as well as the difference between these two indicators, respectively, the profit made by the banking industry.

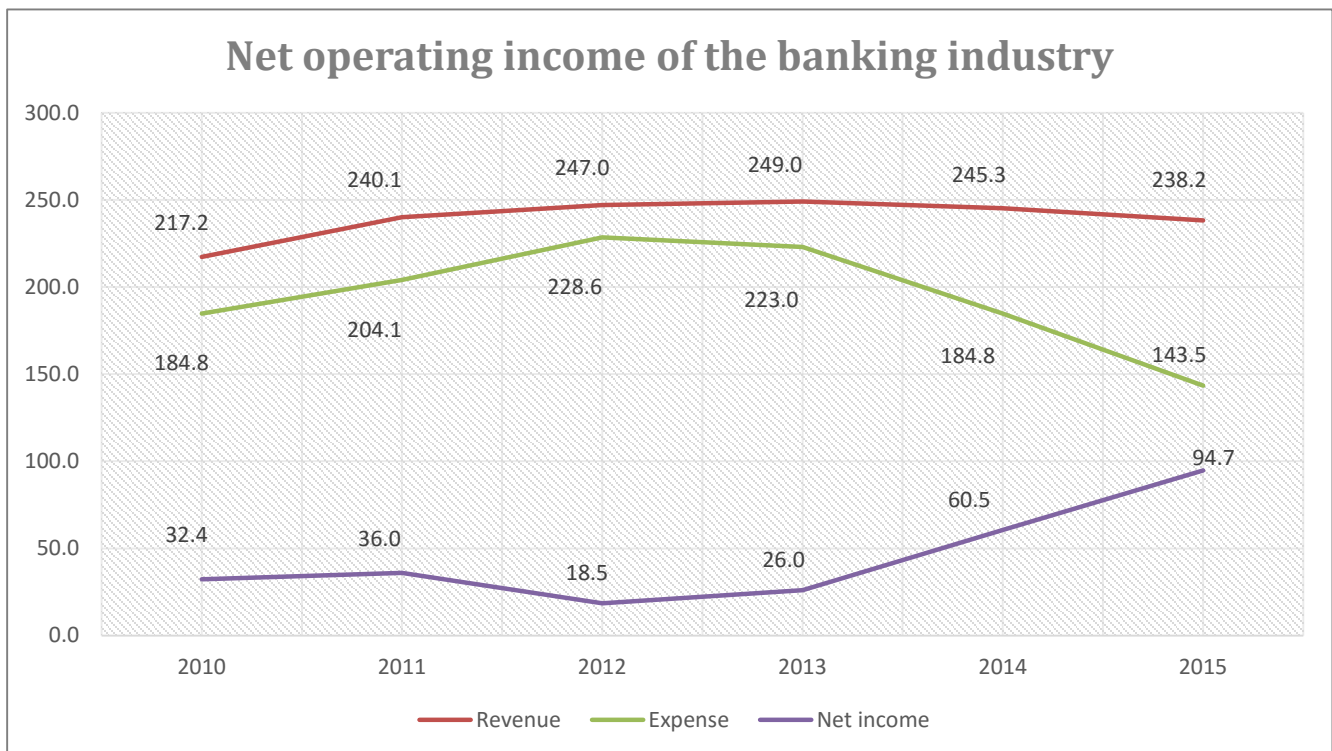


Fig. 5 | Source: CBK – Income statement of other depository corporations (February 2016)

At the end of 2015, the banking industry marked a profit in the amount of 94.7 million Euros, representing an increase of 56.5% more than in 2014.



Effective interest rates

Over the past two years, the banking industry has managed to significantly reduce the effective interest rates on loans, which means that the cost of credit for the citizens of Kosovo is reduced. By reducing the effective rate of interest on loans, despite the fall of the effective interest rate on deposits, it has made the difference in percentage between the two rates to be reduced.

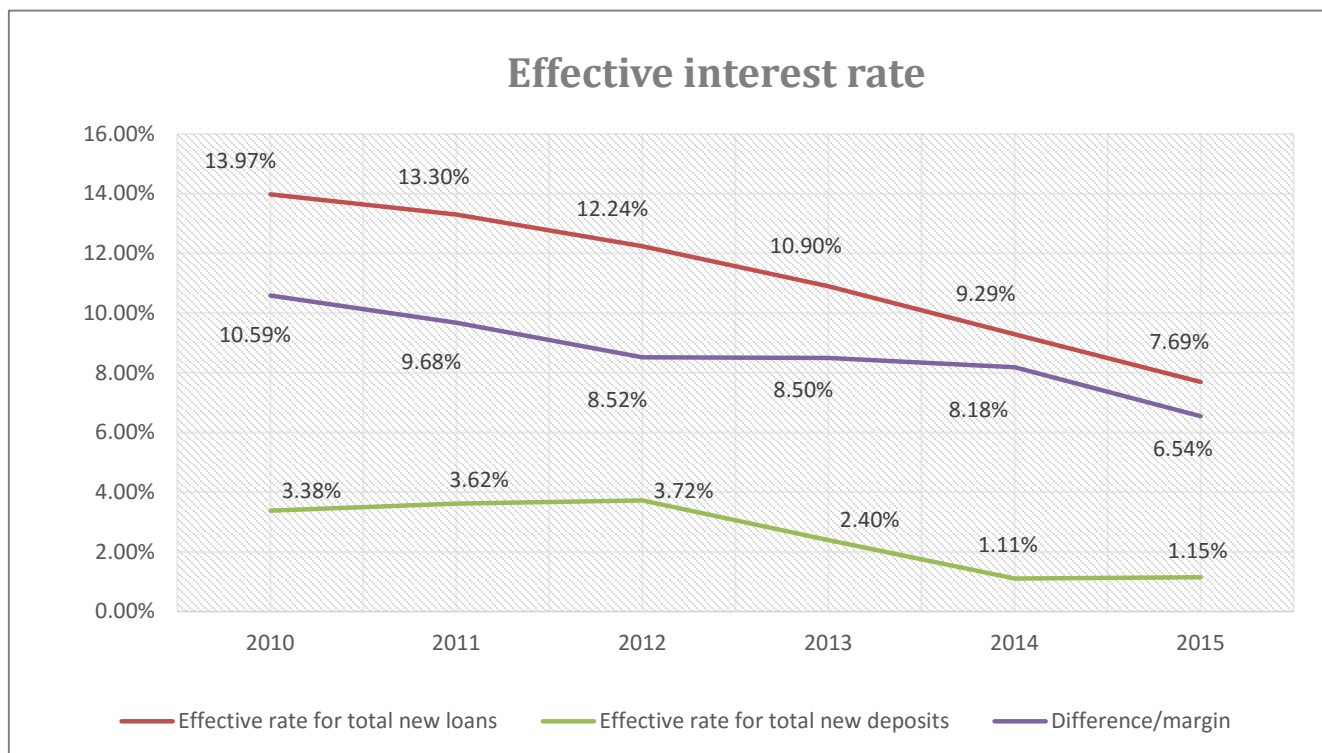


Fig. 6 | Source: CBK – Effective interest rate of other depository corporations (February 2016)

As seen from the trend shown in Figure 6, since 2013, the two interest rates, including the interest rate margin between loans and deposits have declined significantly.

It is important to note that the effective interest rate on loans has reached the lowest value ever recorded in the banking industry in Kosovo, which actually represents a significant success for the industry.



Non-performing loans

The health of the banking industry can also be estimated by the percentage of bad loans that the banking industry has recorded. Table 13 shows the percentage of bad loans and loan loss provisions.

NON-PERFORMING LOANS - NPL						
Description	2010	2011	2012	2013	2014	2015
NPL	5.9%	5.8%	7.5%	8.7%	8.3%	6.2%
Loan loss provision	115.0%	116.7%	112.7%	110.5%	114.4%	115.1%

Tab. 13 | Source: CBK – Annual Report 2013, 2014 and the monthly information report (February 2016)

The banking industry has managed to administer its credit portfolio well, in addition to growing the value of loans, in which case, the end of 2015 recorded the lowest values in recent years taken for comparable basis, i.e. 6.2%.

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PJESA III

**BANKING INDUSTRY NEWS THAT MARKED THE MONTH OF
DECEMBER**

THE GOVERNMENT AND THE WORLD BANK GUARANTORS FOR “KOSOVA E RE”

The World Bank (WB) and the Government of Kosovo will be the guarantors of the financial and environmental aspects of the project for the construction of the power plant “Kosova e Re”, was said in the Committee for Economic Development, where the Minister of Economic Development, Blerand Stavileci reported on this project. Members of the opposition did not participate in the Commission, while there was a debate between the MPs of LDK and PDK over corruption charges.

In general, all participants agreed to the agreement reached between the Ministry of Economic Development and company Contour Global for the construction of the plant. Besides, the chairman of the Commission, Muhamet Mustafa, expressed his satisfaction with the involvement of the World Bank in this project. (Telegrafi, December 2nd, 2015).



6 PERSONS ARRESTED FOR WITHDRAWAL OF CASH THROUGH CLONED CARDS

The Prosecution of Tirana has issued a detention order for 6 teenagers, who are accused of computer fraud. The youth group allegedly cloned debit cards, through which they withdrew cash at ATMs in three different cities: Lushnja, Kavaja, and Durres. The Prosecution of Tirana has launched an investigation based on the information obtained from the headquarters of a commercial bank in Tirana, which has found illegal intrusion into its system via an American card. From its verifications, the bank has suspicions that the American card was cloned and a considerable amount was being withdrawn from it. The investigation showed that the persons in question have attempted to carry out the withdrawal from several other cards, but these attempts have proved unsuccessful. The only card that worked was the one with (forged) American data, which, in addition to ATM, was also used in some gas stations in the city of Lushnja and Kavaja. (Express, Zeri, December 2nd, 2015).



HERE'S THE NEW LOOK OF SWISS BANKNOTES

From April 2016 we will begin to slowly forget the actual banknotes of the Swiss franc. For the first time, banknotes of 50 CHF will go into circulation, and then at intervals of one year and a half other banknotes will be put into circulation until the complete replacement of old banknotes, with new features that will be completed in 2019. They were scheduled to be put into circulation since 2010, but due to technical issues, this process has been delayed several times. (Telegrafi, December 3rd, 2015).



“BANKA PER BIZNES” WITH CREDIT PRODUCTS TO INCREASE ENERGY EFFICIENCY

With the support of IFC, a member of the World Bank Group, Banka per Biznes (BPB) has developed new credit products to finance energy efficiency projects for households and small businesses in Kosovo.

IFC has started its consulting work with BPB in September 2014 to help the bank to develop its expertise in lending based on energy efficiency. As a result of this cooperation, BPB has developed two lending products - loans for energy efficiency (EE) for private enterprises, and EE loans to individual borrowers, which were presented to the bank's clients, representatives of the industry, and the public in the event organized in Prishtina marking the beginning of lending. “Cooperation with IFC has helped improve BPB's expertise and internal capacity for the development of the banking business of energy efficiency lending,” said Richard Beasley, Chief Executive Officer of BPB. “The funding for energy efficiency projects is complex, but there is considerable potential in investment in efficient modernization of energy for Kosovo's private households and small and medium enterprises. We are pleased to support the realization of this potential”. (Telegrafi, December 9th, 2015).



KOSOVO HAS ABOUT 32 THOUSAND ACTIVE BUSINESSES



There are about 32 thousand active businesses within the state of Kosovo that operate with economic activities, while the largest number of enterprises belong to the trade sector with 16,142 enterprises, or 50.6 percent of all businesses. These figures have been published by the Kosovo Agency of Statistics (KAS) in the last report. According to KAS, last year, the largest number of enterprises belongs to trade, followed by the manufacturing industry with 4,052 enterprises or 12.7 percent. Business services and other services have 4,023 companies or 12.6 percent, followed by hotel and restaurant activities, construction, transportation, etc. While, in terms of employment in economic sectors that were part of the research, it is indicated that the total number of employees reaches the figure of 145,736, of which: trade sector represents about 54,295 employees or 37.3 percent, manufacturing industry 22,257 or 15.3 percent, business services 15,954 or 10.9 percent, construction with 13,192, etc. The average monthly wage index, according to this report in 2014 was around 352 Euros for the activities included in the survey, which is a rough indicator of the reality. (Kosova Sot, December 10th, 2015).

KOSOVO RECEIVES 78 MILLION EUROS FROM EU ASSISTANCE

European Union Commission has approved a package of 1 billion Euros as assistance to support reforms and regional cooperation in the Western Balkans and Turkey and 78,000,000 are appropriated for Kosovo, for democracy, governance, rule of law, human rights, energy, agriculture and rural development.

This assistance is intended for countries, prior to acceptance, to support reforms in various sectors for countries wishing to join the EU.

Johannes Hahn, Commissioner for European Neighborhood Policy and Enlargement Negotiations, said that the package approved by the EU institution expresses strong commitment to the European Union perspective of the Western Balkan countries and Turkey. According to him, this is a long term investment in the economic stability of these countries.

Besides Kosovo, this assistant of 1 billion Euros will benefit Albania, Bosnia and Herzegovina, Macedonia, Serbia, and Turkey. (Zeri, December 14th, 2015).



HOTI: KOSOVO READY TO RECEIVE DEVELOPMENT LOANS



Finance Minister Avdullah Hoti announced that on Monday, the Assembly of Kosovo is expected to approve, on second reading, the amendments to the Law on Public Finance Management.

With this, according to him, modifications to the fiscal rule become possible and it enables the Government to borrow from international financial institutions to finance large capital projects, such as projects for agricultural land irrigation, railways, power grid, and other strategic projects. (Zeri, December 14th, 2015).

BANKS “CONTRIBUTED” TO THE DEVELOPMENT OF THE PRIVATE SECTOR



Economic development cannot happen without the development of the private sector and banks are the ones that can help, and are helping this sector. By those representing the banking system, the legislation of recent years and the system of private

enforcers was rated as a great help in the faster repayment of loans, which also represents one of the challenges of this sector. This was said at the conference organized by the American Chamber of Commerce in Kosovo on “Impact of Dynamic Banking Sector in Private Sector Development”. The Director of the American Chamber of Commerce in Kosovo, Arian Zeka told the audience that if there was something positive in recent years in Kosovo’s fragile economy, it was the banking sector which has shown to be strong and stable in our country. The Governor of the Central Bank of Kosovo, Bedri Hamza said that without a developed and strong banking sector, there cannot be a private sector development and hence no economic development of the country. World Bank Country Manager in Kosovo, Jan Peter Olters, in a speech, emphasized how important the banking sector has shown to be to the country’s development. Eriola Bibolli from Pro Credit Bank expressed the support given in the last two years from the legislation approved by the Assembly through the Law on Obligations and the operation of private enforcers, who according to her, have contributed significantly to the repayment of loans and the acceleration of cases in court, when there were delays in repayment. To have a greater trust between banks and the private sector, the financial statements of businesses must become more transparent, said Yll Sejdiu from NLB Bank. In its banking system, Kosovo currently has 10 commercial banks, 18 microfinance institutions, 15 insurance companies, and two pension funds. (Telegrafi, December 16th, 2015).

GERMANY GRANTS 17 MILLION EUROS TO KOSOVO

In the wake of financial cooperation realized over the years, the Government of the Republic of Kosovo signed the Agreement on Financial Cooperation 2015 “Project subsidies” with the Federal Government of the Republic of Germany, an important partner of bilateral financial and technical assistance; an agreement signed today by the Minister of Finance Avdullah Hoti and the ambassador of the Federal Republic of Germany in Kosovo, Ms. Angelika Viets. Unlike last year where loans were included, the Agreement on Financial Cooperation for 2015 includes only the section on the grant in the amount of 17 million Euros for financing some major projects, such as: “Supporting the Energy Sector, Phase VIII”, “Sewage Disposal in the Southwest, Phase V”, and “Waste Management Program”. (Kosova Sot, News Agency Ekonomia, December 16th, 2015).

OVER A BILLION EUROS OF OUTFLOW, KOSOVO SINKING IN DEBT

According to official statistical data of the Central Bank of Kosovo as of September 2015, country’s public debt has reached 719.5 million Euros from 550.9 million Euros in the same period of 2014. Of the overall debt, 352 million Euros are domestic debt, while foreign debt has reached 367.2 million Euros. Expressed in percentage terms, public debt reached 12.5 percent of the Gross Domestic Product (GDP). The current Minister of Finance, Avdullah Hoti, said that this value puts Kosovo in a quite favorable position in terms of public debt, and therefore there is substantial room to borrow loans for development purposes. (Kosova Sot, December 22nd, 2015).



EBRD LENDS KOSOVO A 1 MILLION EUROS LOAN FOR ENERGY EFFICIENCY

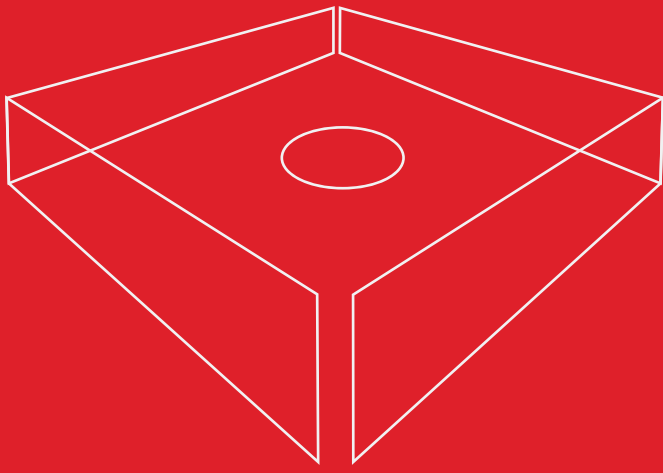
European Bank for Reconstruction and Development (EBRD) is promoting energy efficiency in the residential sector in Kosovo by lending an additional loan of 1 million Euros to Kreditimi Rural i Kosoves (KRK), a leading microfinance institution in the country.

This fresh funding is provided under the Kosovo Sustainable Energy Projects Framework (KoSEP) in response to a growing demand for energy efficiency financing in the country. According to an announcement of the EBRD, the availability of medium and long term financing for the private sector related to energy efficiency and sustainable energy investments is limited in the current market in Kosovo. EBRD is addressing this market gap through KoSEP, a facility of 12 million Euros for lending to energy efficiency and sustainable energy investments to small businesses and households. This facility also benefits from additional donor funding provided by the New Norway Cooperation Fund and the EBRD Shareholder Special Fund. (Kosova Sot, Zeri, December 23rd, 2015).

PUBLICATIONS OF THE KOSOVO BANKING ASSOCIATION

“Banking Periodic” is a monthly publication of the Kosovo Banking Association starting with its first publication in January of 2014. Monthly publications are comprised of data and general overview of the financial system in Kosovo. Each monthly publications will address specific issues of the financial system where the main focus is on the banking sector in Kosovo.
www.bankassos-kos.com.





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