

THE KOSOVO BANKER

Financing Kosovo's agriculture - sowing the seeds for future growth

study by the Development Facility of the European Fund for Southeast Europe (EFSE DF)

Are banks being too risk-averse?

an article by World Bank - Jan Peter Olters

Financing of strategic sectors in Kosovo Interview with Mr. Ilir I. Aliu

Financing Strategic Sectors in Kosovo



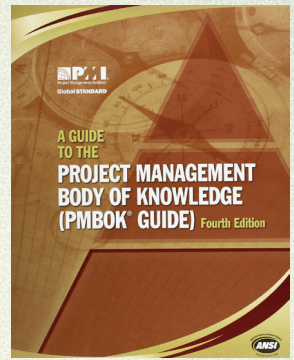
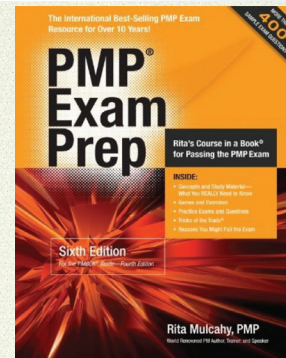
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The Kosovo Banking Association (KBA) is the voice of the banking industry in Kosovo. KBA cooperates

with the Government, the Central Bank of the Republic of Kosovo, the media and public opinion to support a sound banking industry which promotes long-term economic development for Kosovo. KBA facilitates cooperation between the banks by offering a single platform for joint lobbying and to discuss new initiatives; identifies and influences the legal and regulatory initiatives; coordinates joint activities for banks and promotes banking activities to the general audience. The KBA Training Center operates within KBA and it offers trainings in banking and finance.

"The Kosovo Banker" is a publication of the Kosovo Banking Association. The magazine is published twice a year with the aim to properly inform the public on the banking industry in Kosovo. Kosovo Banking Association; St "Bajram Kelmendi", No.15, Pristina; 10000. Republic of Kosovo; +381 38 246 171; www.bankassoc-kos.com; contact@bankassoc-kos.com;

THE KOSOVO BANKER

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EDITORIAL

**PETRIT BALIJA, PhD**

EXECUTIVE DIRECTOR
KOSOVO BANKING
ASSOCIATION

Dear Readers,

Welcome to the sixth edition of 'The Kosovo Banker' magazine. I am delighted to be able to share with you this new edition which explores Financing the Strategic Sectors of Kosovo and related issues.

This edition is being published at a time when the Kosovo economy is at the crossroads and many important economic decisions must be made. The citizens of the Republic of Kosovo have been facing many uncertainties in the political environment, challenges in the business environment, and hardships in employment. In this regard, Kosovo is looking forward to what the future holds and what are the important decisions and actions to be taken in order to overcome these challenges. In order to explore these issues one of the most pertinent questions that we must ask is 'What are the strategic sectors of Kosovo that will propel our economy from a sluggish one into a dynamic, competitive and sustainable economy?'. From the perspective of the financial sector of Kosovo this questions leads

us to our main theme for this edition which gives special attention to the financing of the strategic sectors in Kosovo.

Despite these uncertainties in the Kosovo's economy, the banking sector has been continuously expanding and growing while at the same time maintaining high levels of capitalisation, strong liquidity position, and a healthy loan portfolio. At the end of September 2014, the assets of the banking industry grew to 3,149.50 Million Euro which marks a growth of more than 6% as compared to 2013. During this period the total deposits reached 2,518 Million Euro which represents the highest deposits ever recorded in the banking industry in Kosovo. Lending has also been expanding although at a slowed rate. Total gross loans and leasing disbursed by the banking industry by the end of September 2014 were 1,855 Million Euro. The level of nonperforming loans has also decreased to 8.3% at the end of September 2014 from 8.7% which was at the end of 2013.



From the customers perspective there is continuous improvement of services with a more intensive development recently in electronic banking services which are secure and can save time and money for consumers. At the same time there is great progress with regard to interest rates where the average effective interest rate for loans recorded at the end of September 2014 was 10.8%. This shows a significant decrease from the average rate of 2010 which was 14.3%.

Although there has been great progress as highlighted in the overview above, the banking sector of Kosovo has even more potential to finance Kosovo's economy which is not being utilised at this time due to sluggish demand. Therefore, it is important to work together in identifying the strategic sectors for the economy of Kosovo which could be fi-

nanced through our banking system. Focusing on strategic sectors would have an economic multiplier effect which would also contribute to lowering the trade deficit, reducing unemployment and maintaining price stability.

I would like to thank the Commercial Banks of Kosovo and the European Fund for South-east Europe for sponsoring this edition and a great thanks, as well, to the authors and staff who contributed in preparing this edition as well as our devoted readers for their great support.

Happy holidays and a prosperous 2015!

Sincerely,
Petrit Balijsa

**Mr. BEDRI HAMZA**

GOVERNOR

CENTRAL BANK OF THE
REPUBLIC OF KOSOVO

GOVERNOR'S SPEECH FOR THE FINANCE FAIR 2014

I am honored that together with you today, I have the opportunity to be part of the Financial Fair organized by the Kosovo Banking Association, where, as it has now become a tradition, we will have the opportunity to see the offer of financial products in our country which are constantly being enriched both in terms of new products and in the context of improving conditions for existing products.

This fair, therefore, presents a good opportunity to see the achievements of the financial sector from year to year, but also to jointly discuss the challenges to develop this sector further. The latter certainly represents a very important segment of the fair considering that, despite the ongoing development, the country's financial sector has room for further development and becoming more beneficial for the economy.

A significant achievement since last year is CBK's newly licensed bank with foreign capital, increasing the total number of banking institutions operating in Kosovo to 10. This shows that Kosovo's banking market continues to be attractive to investors, whereas CBK continues to pursue policies promoting the entry of new actors

in the financial system, which is an important prerequisite for the further development and promotion of competition in the banking sector of the country. It should be noted that CBK remains committed to increase the number of financial institutions in our country based only on sound principles of licensure, enabling market entry only to institutions that contribute to the wellbeing of the financial stability in the country and further progress of this sector. In fact, the sound licensing policy implemented by CBK during these years represents one of the crucial factors why today we have a stable financial system serving the economic development of the country.

Besides the primary objective, which is to maintain financial stability in the country, another very important priority for CBK is also supporting the development and growth of financial system's efficiency. In this context, the success in advancing the payments system infrastructure should be emphasized, where after many efforts, the SWIFT codes for the banks operating in Kosovo and the IBAN code for accounts held in banks in Kosovo were provided. Acquisition of these codes represents a significant development for the facilitation of implementation and increase of safety for international transfers made through the banking sector of Kosovo.

When addressing the developments within the activities of the banking sector, the discussion

on this topic has quite a lot of similarities with the discussion we had a year ago, exactly within the financial fair. This is because the banking sector continues to reflect high levels of sustainability in all aspects, including the high level of capitalization, strong liquidity position and good quality of the loan portfolio. When mentioning the loan portfolio, it is important to note that in recent months the ratio of non-performing loans to total loans in the banking sector has decreased, hence stopping the cycle of continued growth of this ratio which had begun years ago. Another positive development that should be noted is the fact that, after several years of credit crunch, expressed through an ongoing slowdown of the loan growth rate, the first half of 2014 showed the first signs of credit activity recovery in Kosovo.

Regardless of the continuous increase in lending, the total amount of loans of the banking sector in relation to GDP can still be considered low (34% of GDP), which indicates that there is enough space for further expansion of credit in our economy. In this context, usage of this space represents the need for a greater penetration of banks in sectors with lower access to bank loans, such as manufacturing and agriculture sector, mortgage market, and so on.

This way, Kosovo is among the first countries in the region and beyond, where the banking sector suspended the credit crunch cycle and began increasing, in a larger scale, the support for the country's economy. Increased lending undoubtedly reflects the stable base of funding for banks in Kosovo, supported by deposits collected with-

in the country, which have consistently shown a steady growth trend. Also, acceleration of economic growth in 2014 is expected to offer banks a more favorable environment to exercise their activity.

Either way, compared to last year, the discussion follows a similar pattern regarding the challenges facing the banking sector, which means that the challenges identified in previous years continue to be present also in this period. Despite the great contribution that the banking sector in Kosovo has given in supporting the economic growth in Kosovo, there is further room for advancement of its role, both in terms of intensifying financial mediation and reducing the cost of mediation.

Another important and very controversial challenge in our country continues to be the high cost of bank financing, which, nevertheless, has continued to decline, reaching its lowest level since the beginning of the banking sector operation (10.8 % in July 2014). The emphasized decline of interest rates on loans in the recent months certainly, to some extent, has reflected the significant reduction in deposit interest rates (0.7% in July 2014). However, it could have been expected that the decline in deposit interest rates be reflected in a stronger reduction in the loan interest rates. However, considering that this change didn't happen, suggests that in Kosovo, the cost of bank financing does not represent the dominant contributor to the height of the interest rates on loans. Therefore, greater efforts should be made to improve bank operational efficiency and improve the risk management, which are a function of the interaction of internal and external factors associated with the environment in which banks operate.

Proper communication, possession and dissemination of accurate and reliable information are of particular importance to reduce risk in the financial sector, which would simultaneously affect cost reduction and sustainable expansion of activities in this sector. Financial education of the public; capacity building for planning and corporate financial reporting; audit of financial statements; continuous advancements of the quality of information reported in the credit reg-



istry are some of the challenges that we need to engage actively in, in order to reduce information asymmetry between lenders and borrowers. The Central Bank of the Republic of Kosovo is exercising an active role in this regard, where apart from the basic functions it exercises; it drafted the strategy for consumer protection and financial education.

Another challenge, which affects the operational efficiency of banks but also the perceived risk from them, is to create a more favorable environment for contract implementation that requires comprehensive commitment. In this regard, the CBK is committed together with the responsible authorities to provide the infrastructure that will facilitate the implementation of banking contracts.

The challenges mentioned above are not limited to the banking sector. Reduction of asymmetric information and improvement of the legal envi-

ronment has an important role in the operation of the rest of the financial system such as insurance, pension funds and microfinance institutions.

Today, the Financial Fair, besides its role in promoting the financial sector and providing opportunities for new partnerships and cooperation between the participating parties, it is also a very important platform for financial education of the public and identifying new challenges for further development this sector. Therefore, I congratulate the Kosovo Banking Association for organizing such an important event for the financial sector and the economy of the country, and I wish welfare and fruitful discussions.

Financing of strategic sectors in Kosovo

Interview with Mr. Ilir I. Aliu

KBA: Considering that Kosovo's government has not clearly defined strategic sectors, which sectors do you think are strategic to Kosovo's economy?

Mr. Aliu: Our state is faced with a challenging economic climate. Our bank's policy has a clear vision on the willingness to help the development of this economy. Therefore, the key sectors which we think are strategic to the development of our country's economy are SMEs from the manufacturing and agriculture sector, without neglecting the energy sector. Increased local production is of particular importance for sustainable economic development of Kosovo. With regards to the agricultural sector we have financially supported a large number of beginner farmers, small and medium directly affecting the further development of agriculture as one of the most strategic sectors for the general economic growth.

KBA: To what extent do these sectors have access to finance from banks and what are some of the obstacles to their funding? What are the banking sector's options to stimulate some of these sectors?

Mr. Aliu: First of all, the banking sector in Kosovo has provided extensive access to finance for Kosovar enterprises. It has created a wide network of branches throughout the territory of Kosovo, thus providing easy access to banking services. The main sources of funding available to the private sector, which have affected the growth and development of small and medium enterprises, are: installment loans intended for investment in fixed assets and working capital short-term investments; overdrafts that serve as tools to meet short-term liquidity needs, and credit lines.

ILIR I. ALIU

CHIEF
EXECUTIVE
OFFICER

PROCREDIT
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Today, the banking sector offers relatively flexible loan amounts and maturities/ duration, hence providing a loan adapted to the enterprise's financial situation and investment plans. It's exactly this sector that has financed projects and various sectors of Kosovo's economy, including trade, services, and retail manufacturing.

Another important aspect of successful financing of the banking sector in Kosovo is linked to the support of agricultural projects. A large number of beginner farmers, small and medium, are supported through specialized agriculture loans, therefore impacting directly on the development of agriculture as one of the most strategic sectors for overall economic growth.

In addition, the banking sector promotes investment in domestic production. Increased local production is of particular importance for the sustainable economic development of Kosovo and this sector is also of strategic importance to the banking sector.

To conclude, access to finances is good (easy doing business, World Bank ranking 23 out of 189) but one of the challenges is contract enforcement where we expect that any further improvement will enhance financing (easy doing business World Bank ranking 138 out of 189).

KBA: Kosovo's trade deficit is very high, what are the reasons why Kosovo cannot overcome this battle and do you think there will be improvements in the future in this regard?

Mr. Aliu: It is very true that Kosovo continues to have high trade deficit, as it largely imports products from overseas and the gap between the degree of import and export continues to be profound.

Current fiscal policies as well as the unavailability of production, specifically, the activation of production capacities, whether in the primary or industrial sector have negatively impacted the country's economy resulting in large trade deficit and consumer dependence on imports.

It is worth noting that the increase in foreign direct investment is a very important development in terms of sustainability of deficit financing.

KBA: How does the agribusiness sector stand in terms of non - performing loans?

Mr. Aliu: Despite being the newest banking sector throughout the region, the banking sector in Kosovo has continuously showed a satisfactory liquidity position, good loan portfolio quality and high level of capitalization. We have always been cautious in loan approvals, through loan loss provisions for non-performing loans, which makes it the only sector in the region with a non-performing loan rate below 10% including the agribusiness sector.

In order to increase the volume of financing to agribusinesses, and to manage the risks arising from this field, our banking sector is supported by a guaranteed fund which facilitates access in some aspects. This initiative has been

Increased local production is of particular importance for the sustainable economic development of Kosovo and this sector is also of strategic importance to the banking sector.

facilitated by USAID's Development Credit Authority program (DCA). This guarantee and its operating methods are very suitable for banks and for investors in agriculture, which is also important.

KBA: Can the government or relevant ministries, do something to improve the position of strategic sectors that will have a positive impact on their access to finance?

Mr. Aliu: Here I would mention investment and export promotion, identification and facilitation of business groups, strengthening the value chain of products and services in the market and encouraging domestic production in order to replace imports are some points to improve strategic sectors.

KBA: Are development banks willing to establish partnerships with banks in Kosovo to target strategic sectors in Kosovo?

Mr. Aliu: There must be a mutual willingness between both parties in order to target strategic sectors.

It is worth mentioning that the willingness of Kosovar companies should be manifested in the form of clear projects, proper corporate governance and not to forget, proper financial reporting.

Also, at this point, state's support in policies that stimulate their development is imperative, while on the other side, development banks should manifest their eagerness by promoting their work (companies' work); as well as have

a proactive approach to technically assist such companies to access foreign markets. Moreover, development banks in cooperation with local government can provide financial support to subsidize a strategic sector of the country using commercial banks as their distribution channel.

KBA: How do you see the current performance of the banking sector in Kosovo and how do you see the future?

Mr. Aliu: The banking system plays an important role in the economic development of a country. A sound banking system, except from sending a positive message to potential foreign investors, is also a measure of the health of an economy. The banking system in Kosovo can be easily said that is among the most sustainable in the region, as well as one of the sectors which has marked success and continued improvement. The Central Bank of Kosovo has played an important role, which has generally applied a conservative policy, but also commercial banks that have played the role of a constructive partner in this field.

KBA: Do you think that Kosovo could establish some form of capital markets which would enable greater access to finance for different sectors, especially strategic sectors??

Mr. Aliu: The number, size and complexity of businesses in Kosovo are such that the financial sector (banking) is able to properly support the development of every sector. The role of capital markets for larger projects in most cases is performed by either the banking sector or the international financial institutions that have availability and capacities to enter into such projects.

KBA: To what extent is the banking sector in Kosovo affected by the current political crisis in Kosovo?

Mr. Aliu: If the current institutional vacuum persists further, we fear that this situation will result in direct adverse effects on the development of the banking sector since the reforms and adequate measures to improve the environment of doing business will mark stagnation.



Are banks being too risk-averse?

Even if pouched in complex, quantitative studies, “risk” remains a complex, multi-dimensional, and highly subjective concept that reflects an analyst’s lack of confidence and sense of uncertainty. In this, financial markets are not different from other sectors in the economy. Decision-making processes—especially if they relate to large-scale investments to be realised over a medium- to long-term horizon—are facilitated by an environment, in which the underlying “risk components” can be objectivised, quantified, and tracked over time. This is where functioning markets play such an important role, aggregating individual risk assessments, perceptions, and resultant actions and “translating” them into (accurate) price signals, which will help to increase the effectiveness of economic decisions made in the economy as a whole. In the financial sector, this price signal is the interest rate. Even though reported figures tend to be averages spanning over a wide range of individually relevant prices (typically reported without accompanying standard deviations), they condense important information from market participants in the private and financial sectors.

To take an example, consumer loans in Kosovo, over a one-year period, dropped by about 100 basis points to 11 per cent at the end of the second quarter in 2014. As such, consumer loans cost about 1½ percentage points more than they do in Montenegro, the only other country in the Western Balkans having adopted the euro as sole legal tender, and 6 percentage points more than in Germany, the eurozone’s benchmark economy. Similar differentials apply to the cost of credits for enterprises. This interest rate differential vis-à-vis any benchmark country—be it Germany or Montenegro—reflects the additional “risk premium” that banks perceive and charge on loans. In the Kosovo-specific context, it comprises essentially three types of perceived extra risks, viz., (i) business climate (difficulties faced

JAN-PETER OLTERS

COUNTRY
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with collaterals, contract enforcement, and/or property rights); (ii) business conduct (the high degree of informality, and the lack of financial transparency and/or viable business plans); and (iii) the particular challenge faced by foreign-owned banks in Kosovo that their respective headquarters would group them together with troubled banks elsewhere in Eastern Europe and integrate them in corporate deleveraging strategies out of (perceived) high-risk markets. Faced with this particular set of constraints, the banking sector in Kosovo has, in principle, adapted astonishingly well to the environment, in which it operates—focusing its activities on remaining healthy, liquid, profitable, deposit-based, with portfolios that contain only manageable risks.

Against this backdrop, it is apparent why banks in Kosovo have been conservative in their lending decisions; and this prudence has served the sector and the economy well in recent years (especially if compared to the experiences made in neighbouring countries). At the same time, demands on the banking sector—by the public and polity alike—have been increasing to contribute more to the country’s socio-economic development. For any given financial institution to be open to fostering growth and employment generation, there has to be a *business case*. Within

this tension between “micro-economic” and “macro-economic” objectives, there is an underlying question on banks’ *optimal* degree of risk-taking.

The inherent costs of a banking sector being too willing to take risks are well-understood and—having just witnessed the aftermath of the Global Financial Crisis—well documented. However, the opposite case, when banks are too risk-averse, has similarly clear macro-economic consequences, posing the risk of asphyxiating an economy’s innovation and growth potential. A corresponding “vicious cycle” would start with weak businesses (without proper financial reporting) and unknown start-ups, which leads to considerable hesitation among banks to lend. As a result, banks require high collaterals and high interest rates for credits with short maturities, which leave the private sector with heightened cash-flow management problems and reduced rates of returns on its investments. Such a situation cements firms’ financial vulnerability, leaving them still weak and unattractive to the banking sector and exposed to the risk of exiting the market altogether.

The overarching consideration is thus the following: if a bank is convinced of the economic potential inherent in a client’s business plan, it will benefit from efforts to align repayment/amortisation obligations with the expected turnover and profit profiles. Evidently, a failed busi-

ness is in nobody’s interest, but it is an outcome that becomes more likely if the combination of high interest rates and short maturities intersects with an *ex ante* unexpected deceleration of economic growth (for instance, as a result of a protracted political crisis and the ensuing deterioration in overall business confidence). Banks might not see any space (yet) to lower interest rates beyond current levels. However, *extending* loan maturities alone might be an important step to *reducing* default risks for a considerable number of corporate clients.

Evidently, demands to the banking sector for lower interest rates and more favourable conditions to the private sector must not come at the expense of increased vulnerability and fragility to the financial sector—the macro-economic costs would be far too high and detrimental to the development objective motivating said requests. But reflections along these lines invite the question of whether it would not also be in the financial sector’s own economic interest to move towards the edge of, or go slightly beyond, its current comfort zone. Market leaders will see it first: unrealised opportunities are costly not only to the country and its citizens’ socio-economic welfare but also to the bank’s own bottom line.



Financing Kosovo's agriculture - sowing the seeds for future growth

MICHAEL KORTENBUSCH

MANAGING DIRECTOR

BUSINESS & FINANCE CONSULTING



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FINANCIAL SECTOR DEVELOPMENT EXPERT

BUSINESS & FINANCE CONSULTING



The appetite for financing the agricultural sector is growing and there is still space for more lenders to move into this underserved market segment. A successful long-term engagement will require lenders to further improve their product offering and risk management and to become more efficient.

Although Kosovo's agricultural sector accounts for a high share of GDP and employment, it is not currently fulfilling its potential. The country remains a net importer of food. Too much rich agricultural land lies fallow, offering ample room for growth if used efficiently. As it appears, one of the key pillars of Kosovo's economy is at the same time one of its most challenged.

Most of the challenges the agricultural sector is facing are related to Kosovo being a young and transitional economy. These challenges include

the fragmentation of agricultural land and the large number of subsistence farming households, the lack of updated production technology and equipment, slow recovery of disrupted value chains, all of which have resulted in declined output and productivity in the agricultural sector.

Why finance agriculture?

What will drive Kosovo's economy in the long run? As the post-war economic boom has run its course and international aid programmes are gradually phased out, the country needs to focus on stimulating key sectors that reflect its competitive advantage and have long-term growth potential. Agriculture is such a key sector.

Improved access to finance is a critical step toward restoring the competitiveness of the agricultural sector. A recent study on agricultural finance in Kosovo commissioned by the Development Facility of the European Fund for South-east Europe

(EFSE DF) estimated that Kosovo's aggregate agricultural loan portfolio could be several times larger than its current EUR 80 million¹. This is

¹ Studimi i EFSE DF 'Promovimi i Financave Bujqësore'. Studimi është realizuar në gjysmën e dytë të vitit 2013 nga ana e "Business & Finance Consulting (BFC), një firmë konsulente për menaxhim të pavarur me seli në Cyrih, në bashkëpunim të ngushtë me Management and Development Associates (MDA), kompani kosovare. Gjetjet e këtij studimi shërbejnë si të dhëna për strategjinë e investimeve të EFSE-së në Kosovë me qëllim të avancimit të mëtejshëm të financave në bujqësi.

less than 5% of total credit and in sharp contrast with agriculture's high contribution to GDP. The study revealed that access to finance is a key constraint impeding further growth of primary producers and food processors.

Banks and microfinance institutions have recently started to increase their exposures to agriculture, a sector they traditionally perceive as a "high hanging fruit." The EFSE DF study analysed key challenges faced by lenders and identified measures that could take agricultural finance in Kosovo to the next level. This article argues that a significant part of the financial sector is at risk of missing a great opportunity by underestimating the growth potential of the agricultural sector. A stronger strategic focus on agricultural finance means building relevant capacity, investing in product innovation and streamlining business processes. Taken together, this would allow more lenders to tap into an underserved market segment with huge long-term growth potential.

Serving small producers is often perceived as risky and costly. The strategic motivation to engage in agricultural finance in a given lending institution hence matters greatly. So what are these motivations? Among the 19 surveyed financial institutions,² two key factors were identified: first, a commercially driven motivation to invest in an economic sector that has long-term growth potential but is largely underserved and second, a socially driven motivation to support a large and vulnerable part of society through suitable financial services. The study found mixed results for a third factor, a resource driven motivation to improve the utilization of an existing branch network as some financial institutions have reduced their regional presence.

The product challenge

Agricultural producers' specific financing needs are fundamentally different from other clients, a fact that is often underestimated when loan products are designed. Understanding specific expectations of the sector is a key to success. While today most financial institutions offer specialized credit products, varying degrees of sophistication in the institutions were observed when it comes to agricultural finance. A few

frontrunners offer loans that correspond by and large to clients' specific needs, but overall, there is significant potential to improve the attractiveness of agricultural credit for borrowers. More flexible repayment conditions, lower cost of borrowing, and less strict collateral requirements were frequently mentioned by prospective borrowers during the study's focus group discussions. The EFSE DF study also revealed that there is significant but unmet demand for long-term financing.

Lenders agree that product innovation is important: it was ranked the top priority out of nine operational areas relevant to the development of agricultural finance operations. International experience shows that a systematic approach to product innovation is a critical success factor. It also shows that a high degree of specialisation within the lending institution allows it to manage agricultural lending operations as a dedicated business line, thereby enabling it to address some of the product fit issues discussed earlier.

Along with a need for product and services development, this unmet demand is to some extent also the result of a general lack of information on both sides: lenders often find it difficult to understand the needs of the sector and how to work with it. On the other hand, focus group discussions revealed that agricultural producers are in need of financial information which would allow them to objectively assess the actual services offered in the market and thus make more educated choices.

The risk challenge

Agricultural finance is often perceived as a high-risk activity, especially by lenders that have no previous experience in the field, with the frequently expressed attitude of: "We fear what we do not know." Interestingly, this attitude continues to persist even though agricultural loan portfolios overall have shown an excellent risk performance over the last years. Helping finance professionals understand agriculture—with its dozens of subsectors—is not always a simple task. Some lenders have dealt successfully with this challenge by recruiting agricultural economists.

² The surveyed institutions included eight banks, seven MFIs, two leasing companies and two insurance companies.

How do successful lenders measure and mitigate agricultural credit risk? Measuring credit risk in agricultural finance is a complex task given the broad range of subsectors. Lenders entering the sector can effectively reduce some complexity by lending only to a few subsectors initially or lending to client groups that have more diversified incomes, while gradually moving into others over time. In advanced credit markets, experience has shown that the amount of information to be collected can be significantly reduced for low-risk borrowers.

More specifically, risk mitigation is traditionally achieved on three levels: first by ensuring repayment capacity, second by securing the loan with collateral and third by monitoring the borrower after loan disbursement. All surveyed lenders currently apply a cash flow based evaluation approach. However, inflexible repayment schedules are often found to increase credit risk. Similarly, international research has shown that too strict collateral requirements, frequently observed in Kosovo, do not contribute to risk mitigation. Monitoring is important but costly for the lender. Progressive lenders apply different monitoring techniques depending on the specific risk category of a given borrower, saving resources where possible.

The efficiency challenge

Agricultural lending tends to be costly for the lender, mainly due to longer distances and poor infrastructure in the countryside as well as relatively small loan sizes. These are mainly external issues and can hardly be addressed directly by the lending organisation.

In Kosovo, increasing staff productivity should be a key goal as personnel costs account for a large share of total operational costs. Streamlining business processes by combining or cutting steps has the potential to improve staff productivity. Some regional lenders have successfully introduced a "fast track" loan process for repeat borrowers with strong credit ratings, e.g. by excluding some of the labour intensive analytical work. Experience suggests that reductions in loan processing time and the period between

loan application and disbursement are positively correlated with increases in staff productivity.

One major drain on work time and productivity is the customer acquisition process. Significant savings are possible through partnerships between lenders and agricultural input suppliers. Within such schemes the vendor usually handles customer acquisition motivated by increased sales due to the availability of financing. To make this process work, the lender only needs to adjust its approval process in order to allow a loan to be processed without the customer having to visit a branch.

Looking ahead

Kosovo's agricultural sector has growing potential. It is endowed with high-quality farmland, ample labour supply, a large domestic food market and favourable climate. In order for Kosovo's agriculture to prosper, both financial institutions and agricultural producers have to improve. Financial institutions can learn to better understand the specifics of agriculture and therefore improve their product offering, make risk management more lean and effective, and reduce operational costs.

On the other hand, to be more profitable agricultural producers can improve their agricultural knowledge, better adjust their production mix to the current market conditions and increase the level of financial literacy. These developments should also go hand in hand with creating an enabling environment which would support farmers in increasing their productivity and therefore becoming more competitive. By proactively addressing these challenges, financial institutions in close cooperation with other relevant public and private stakeholders will make a meaningful contribution to fulfilling the potential of agriculture as a key pillar of Kosovo's economy.

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in the Southeast Europe region, including the European Eastern Neighbourhood region, through the sustainable provision of additional development finance. The Fund offers long-term funding instruments to qualified partner lending institutions to better serve the financing needs of micro and small enterprises and low-income private households.

The EFSE Development Facility (EFSE DF) was created to support the EFSE's development finance mandate. To achieve this, the EFSE DF deploys effective, targeted and innovative technical assistance through qualified consultants who work directly with the Fund's partners in the target countries. Apart from individual capacity building and training projects for the Fund's partner institutions, EFSE DF supports the development of responsible financial systems and improvement of financial literacy through provision of support to sector institutions, delivering thematic workshops and educational materials. EFSE DF also conducts studies on key financial sector development topics as well as comprehensive impact assessment studies.

Financing the agriculture sector and its benefits

The commercial banks in Kosovo have advanced their services at a very high level alongside technological developments and clients' needs, trying to respond to customers' requests. While businesses' needs for these services, especially for access to capital is great, banks and other financial institutions may not always lend to these businesses because of informality and other accompanying factors that cause informality.

Often we hear various discussion topics on whether commercial banks are helping economic development or whether they are a bar-



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MASTER OF LEGAL-FINANCIAL SCIENCES

rier to further development of businesses and the economy in general, taking into account the interest rates and conditions needed to be met before approving a loan? One thing is indisputable, that the growth and development of businesses in Kosovo among other things, is enabled through lending since our country lacks other alternatives of the financial market that would

allow businesses alternative access to finance. Central Bank's Report on loan distribution by sector gives us the following details: small and medium enterprises with activities in the field of trade have a total loan participation rate of 52.2%, production 12%, construction sector 8.9%, while the sector with the lowest lending rate is the agricultural sector with only 3.6%. On the other hand it is precisely the agricultural sector which is seen as an important artery of Kosovo's economy.

Bank's justification to limit lending to the agricultural sector is associated with the risks this sector bears, based on many factors including but not limited to: farmers' lack of knowledge about financial management, lack of documentation (collateral, lack of agricultural registry) and one of the main factors is the nature of agribusinesses, which depends on unforeseeable long-term natural conditions that can lead to instability in the normal agricultural activities.

From CBK reports regarding the distribution of loans by sector, it is visible that the majority of loans are placed on SMEs that have primary trading activities, a sector that also imports a high number of agricultural products which can easily be produced in our country. The high degree of agricultural product imports (about 16%) is affecting the growth of the trade deficit that is too high to begin with (the current deficit of 2.2 billion Euros), and results in fewer jobs, cuts on investments and cash outflow from Kosovo's market and therefore declined economic activity.

Another paradox is noted if we compare the participation rate of the agricultural sector in GDP, a sector accounting for close to 20% and with a solid number of employees, while having such a low degree of access to finance. The comparison shows that there is a discrepancy between the contribution of the agriculture sector in economic growth and employment while no financial support is given for the growth and development of the agricultural sector in Kosovo.

On the other hand, most developed countries like the Netherlands or Germany without leaving aside the regional states have given special attention to lending to this sector considering the enormous opportunities that come from supporting the development of agriculture.

Recently, a solid support for farmers was provided by USAID's development program, which in collaboration with commercial banks have created some ease of access to finance and support; however small it has been it has resulted in opening new businesses of agricultural activities during this year and there are slight signs that agriculture will be seen as a viable alternative for investments in our country.

What would be the benefits of supporting the sector of agricultural industry?

Recently there is a decline in the economic activity of other sectors such as construction, the service sector and thus banks as well as other financial institutions are considering the development potential of agriculture as a department that ensures a sustainable and long-term economic development and is a proper investment.

Our country's total land consists of about 53% arable land, a climate suitable for the cultivation of basic agricultural products consumed in everyday life and which would easily replace imported products which due to their integral nature are fresher than the latter and would easily be placed into Kosovo's market.

Also, our country has a tradition of cultivating orchards, livestock and horticulture branches which are vital for the development of agriculture, and with a greater support they would develop and expand their production capacity and would also affect the extent of activity development in other branches of agriculture.

As a result of the agricultural sector development, we would have an increased number of jobs, increased investments in the sector, expanded manufacturing capacity, increased quality of production and hence economic development.

Given that sustainable economic development depends on production, the development of agriculture sector and products deriving from this sector would ensure a sustainable economic development and in no way should our country ignore this promising sector but by all capacity should finally devote to agriculture considering the major development opportunities that agriculture brings.

Agribusiness Financing in Kosovo; Opportunities and Challenges

Considering the great development potential that the productivity sector of agriculture has in the country, agribusiness economic activity appears as very perspective.

In fact agribusiness reflects not only the production process of agricultural products but is considered as an activity that incorporates: production, processing and distribution of agricultural products. Agribusiness sector in Kosovo has been present since the early 70s traditionally dominated by social enterprises, which received a substantial portion of raw agricultural products from farmers, while now with the passiveness of these enterprises, new private companies have begun operating in recent years and their production is showing continuous growth.

However, it is obvious that most local processors are relatively small and are able to meet only a small fraction of the demand for different processed food products. It is a common practice for different companies and agribusinesses to be involved in the chain of processing industry and distribution, to avoid the risk accompanied with initial production.

Kosovo is a major importer of agricultural products and taking into account the fact that during the year, almost 70% of food products are imported from other countries, citizens should consider the development /orientation of their business through agribusiness as a very good opportunity.

Empowerment of the agribusiness sector will directly impact on increasing domestic production



by influencing a significant reduction of foreign products import. The existing market of agricultural products /food is characterized by a delay in organization and infrastructure. A major concern is the failure to develop marketing and organizational difficulties in trading agricultural commodities by producers. As a result, many markets operating in Kosovo's market continue to expose imported food products before local ones. Another problem is also considered to be the low productivity, where the results achieved frequently show stagnation in relation to neighboring countries.

The above mentioned challenges are individual battles that can be won easily or recovered by updating agribusinesses profiles and in doing so to have a direct impact on improving organizational skills and improving work quality or productivity.

The most challenging issue remains the reduction /continuous degradation of agricultural land as a result of uncontrolled urbanization; by shrinking arable surfaces a little more than 300,000 acres. If such a trend continues, Kosovo's agribusinesses will find it difficult to com-

pete with non-local producers, forcing them to collect agricultural products from farmers in neighboring countries which will necessarily affect with higher costs. The area of arable land cannot be added, so for farmers and agribusinesses remains no choice but to increase productivity and quality for the existing units.

In order to solve the problem of agricultural land plot, ProCredit Bank has designed a product for long term investment (10 years), which enables farmers and agribusinesses, generally at favorable rates to expand the land surface they manage.

On the other hand when it comes to exporting, domestic businesses are faced with the problem of product certification with international quality standards. Non-issuance of quality certificates poses doubts in European and other markets. Agricultural products produced by local farmers often happen to be evaluated in terms of higher quality than products of countries that remain economically higher in relation to Kosovo, but the lack of certification arise doubts.

Therefore for the promotion of Kosovar agribusinesses, the development of organizational and managerial business stakeholders is of utmost importance. Considering that the provision of technical advice to farmers is a past situation, as an institution, we have evaluated that advisory in terms of management and production planning will impact directly on raising the productivity and quality of goods produced. In view of this, ProCredit Bank, in all regions of Kosovo, consistently engages various experts on specific areas to share their experience with the farmers with whom we as an institution have built cooperation relationships. Production and processing of bio-organic products that in the modernized world are recognized as "healthy foods" provide a good opportunity for Kosovo agribusinesses to penetrate foreign markets, where besides demand, there is also the reasonableness of the price charged for these products; thus, representing a key factor that guarantees /determines success, a practice already proven by some local agribusinesses that their products have managed to touch the foreign markets.

Financing the agricultural sector in general in recent years has become attractive to financial and micro-finance institutions, where only during 2013 this sector is estimated to have been credited over 32 million Euros. Obviously, this amount does not represent the total value of investment in the agricultural sector for the period in question (taking into consideration grants and subsidies that are provided by local and foreign institutions through various agriculture programs) but that is a positive indicator for the trend and perspective for the future of the sector in question. Taking into account all the facts mentioned above, opportunities provided by the resources in our country and the demand of the market along with consumer awareness for quality and healthy agricultural products, we can conclude that the agribusiness sector appears attractive in generating stability in business.



Securities trading in Kosovo

It has been nearly three years that the securities market has been active in Kosovo through the treasury bills of the Republic of Kosovo, but so far it has been more of a side show, which has not been given a great importance. This is also due to the mandated obligation the primary market actors have to develop an active secondary market.

But why invest in securities of the Republic of Kosovo? Savers have had a greater incentive to invest in time deposits, with significantly above average annual return of about 3.5%, while banks could place their liquid assets in the lending market with an interest rate margin of above 10%. On the other hand, the annual rates of return on Treasury bills just seemed to shrink further, falling close to 1%.

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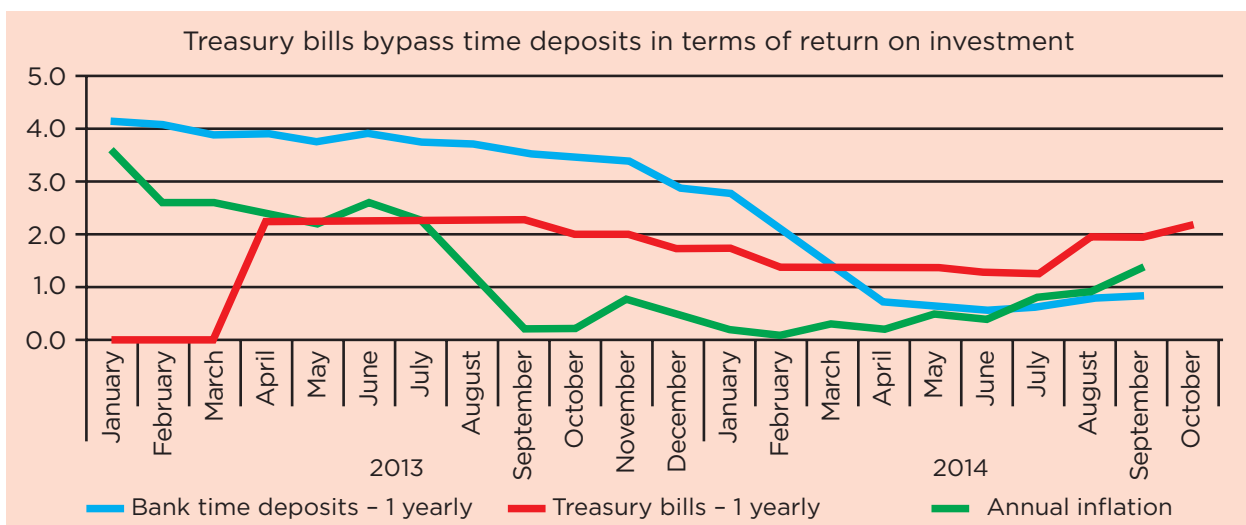
FIXED INCOME
TRADER

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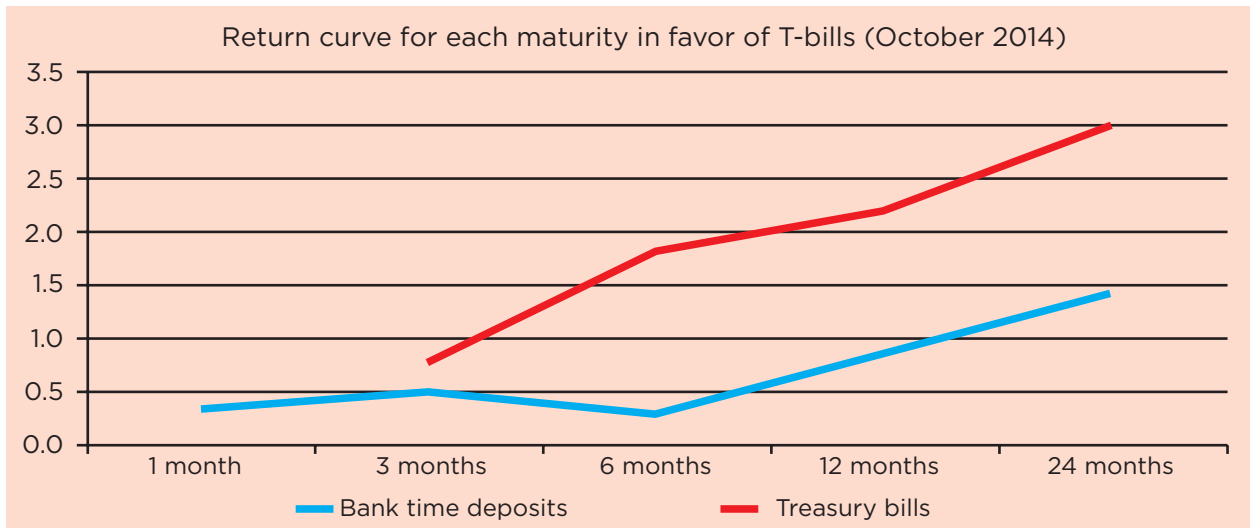
Among these conditions, the very existence of the primary market could be questioned, and there was no economic rationale for investing in this instrument.

But the situation has changed significantly this past year: growth in lending does not reach even half of deposit growth, and just a year ago, something began to happen, that the financial market in Kosovo had not seen in the postwar period: interest rates for time deposits fell on historical levels, and now for the last three months,



the inflation rate is higher than that of time deposits. Savers started questioning: now what? How can we protect the value of our equity at least from impairment, let alone gain something from it. The insurance industry that generated a substantial part of its profit precisely from time deposits from banks is now facing partial difficulties of profitability.

But from crisis opportunity arises, and in this situation the treasury bills of the Republic of Kosovo were introduced. Unnoticeably, yields on treasury bills rose gradually, not as high as the rates of bank time deposits used to be, but enough to represent the investments with the highest fixed rates in Kosovo, excluding loans, of course.



Under this shadow Raiffeisen Bank has undertaken the responsibility of providing bonds in the retail segment, and is thereby fulfilling the mandate of creating a secondary market. Being the only institution in Kosovo, Raiffeisen Bank also provides access to capital markets, serving as a stock broker and a guardian of its customers in most major stock markets in the Western Hemisphere.

Kosovo's citizens, who have limited knowledge of securities markets', prefer bonds, due to the simplicity of the product, and because the amount of profit is contracted through a fixed rate of return.

Nonetheless, legal challenges are the greatest inhibitors to a more rapid development of the secondary market, hereby mentioning the lack of sufficient explanation for investment opportunities and limitations of financial institutions, and also state or public owned institutions. At the time of this article, the Ministry of Finance of the Republic of Kosovo is drafting a legislative reform regulating securities' trading, and is expected to be ratified in the beginning of 2015. We as participants in this market are confident that the new legislation

will significantly clarify the opportunities and constraints to investment, and generally liberalize the market. Only in this way commercial banks will have a real opportunity to undertake the entrusted mandate as market makers of an active and sound secondary market.

The future of securities in Kosovo predicts a rapid development of the secondary market, enabling institutional and individual investors to use this instrument as a secure means of their investments, especially as a diversifying tool that reduces the risk of portfolio investment. Another great benefit would be the issuance of government securities with maturities of 3,5,10, or 20 years.

In a near future, it is very likely that the most successful companies in Kosovo issue corporate bonds, with the rationale of developing alternative sources and cost-effective financing of projects. The last step would be the creation of a regional stock market, which would also allow investment in equity.

Raiffeisen Bank is eager to support financial market development in the field of securities.



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OD AMERIČKOG NARODA

PROPERTY RIGHTS PROGRAM (PRP)

USAID's Property Rights Program (PRP) is a four-year activity that aims to address the property rights challenges and to develop a plan for the stabilization of the property rights regime in Kosovo. The program will work in partnership with the Government of Kosovo, selected municipalities and other relevant local and international stakeholders.

The Property Rights Program supports the following objectives:

- Better Coordination and Policy Priorities;
- Improved Court Procedures Related to Property Claims;
- Enhance Women's Rights to Use Property in Practice;
- Improved Communication, Access to Information and Understanding of Property Rights.



The Property Rights Program aims to improve court procedures related to property claims, with emphasis on improving court practices to remove constraints to women inheriting property in practice.

The Property Rights Program will also advocate that local lenders participating in the credit facility maintain gender-related loan data and require both spouses to sign loan documents secured with property.

WOMEN'S PROPERTY RIGHTS

The right to property is a human right and constitutional right regardless of gender or ethnicity.

One of the objectives of the Property Rights Program is to raise awareness among both men and women regarding their property rights according to the laws of the Republic of Kosovo and international principles that are guaranteed by the Constitution of Kosovo.

DID YOU KNOW THAT

You can claim your inheritance rights by simply presenting yourself at a Notary office, who will guide you through the process of inheritance? Inheritance procedures are no longer to be filed in courts.

THE RIGHT TO JOINT PROPERTY

Immovable property created during marriage is to be registered jointly. This is not only a right, but also an obligation of the Municipal Cadastral Offices where immovable property is registered.

USAID's Property Rights Program (PRP)

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10000 Pristina, Kosovo

SMEs - Building Kosovo One Company at a Time

SELADIN UJKANI

HEAD OF RISK
DIVISION
BPB BANK



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ECONOMIC
DEVELOPMENT
CONSULTANT



Since the global economic crises of 2008, risk management in financial institutions has become extremely important. A bank has many ways to make profits including but not limited to things like trading in securities (shares, commodities, bonds), trading in foreign exchange, service fees and charges and then the traditional way - by making loans

These loans in turn have various types of risk and profitability. For example consumer credit card loans are high volume transactions with high interest rates and associated fees and charges and lending tends to be based on credit scoring mathematical models. These kinds of loan portfolios are referred to as "transactional" and tend to be the stock and trade of large banks with the computing and database management tools to address this market. Risk management for these kinds of loans are based on "portfolio management principles" where the probability

of default is based on historical analysis of large sets of data and then loan loss provisions can be forecast and loan pricing adjusted.

The other form of lending is the traditional lending that basically financed the growth of all nations to our modern era, where loans are made using risk management tools that are not related to the law of large numbers and statistical analysis like in portfolio management but uses detailed knowledge of the borrower, the industry in which the borrower operates, and the economic environment of the borrower, their customers and suppliers to control risk. This is called "relationship lending" and is based on a close relationship between banks and clients, one in which trust and long term relationships and in-depth technical knowledge of the business of the borrower is developed by the bank and the banks credit officers.

This relationship lending approach to loan management tends to be more appropriate for banks which focus on business lending (production based lending) versus consumer lending (consumption based lending). It thus stands to reason that in a nation that wishes to develop its

economy and create jobs, business lending and the associated knowledge and skills in the industries to which loans are to be made becomes of national importance. Consumption lending, where there is limited production to serve the market demand created by these loans locally, generally leads to imports and the exportation of funds in return for the items imported. Wealth creation using this model is this very difficult for people, business and the nation.

So portfolios of SME loans are generally made one at a time using relationship banking methods and when the bank consolidates its separate portfolios of consumer loans, credit cards, house mortgages and SME Corporate loans the overall risk of the bank can be derived.

The impact of the development of the Basel II capital standards and implementation of Capital Adequacy Directive (CAD III) in the European Union has been to stimulate banks to develop internal credit risk measurement models. Most of these models are based on the estimation of three crucial parameters: probability of default (PD), loss given default (LGD) and correlations across defaults. Accurate Loss Given Default estimates of defaulted facilities are important for provisioning reserves for credit losses, calculating risk capital and determining fair pricing for credit-risk. Naturally the recovery costs paid to third parties must be included.

Loan concentration risk, which refers to the extra risk because you have too many loans concentrated with one firm, industry, or economic sector or even geographic region, is critical. To the extent that a portfolio of loans represents loans made to a diverse cross section of the economy (if there is a big economy to diversify in), concentration risk is minimized. If the economy is small concentration risk is always there.

In small developing economies banks are crucial because of their ability to provide market knowledge, transaction efficiency and funding capability. Market knowledge can be developed into a separate product and service that the bank provides thereby giving their clients a strategic advantage in dealing with them.

Banks can address risks by using standardization of process, contracts and procedures to prevent inefficient or incorrect financial decisions. They can construct loan portfolios that benefit from diversification across borrowers and that reduce the effects of any one loss.

The basic premise behind modern portfolio theory is the ability to diversify and reduce risk by eliminating diversifiable risk. Small banks may not have the ability to diversify their asset base, especially if the local market in which they operate has a limited number of industries.

Specialization can be a risk management tool. One benefit to not being diversified but specialized is that a bank that lends to a certain industrial or geographic sector is likely to gain expertise about that sector. Being diversified on the other hand requires that the bank staff becomes familiar with many more areas of business. In small banks developing multiple specialized lending units and capabilities may not be feasible.

Credit Policy is the key tool to address credit risk in lending and each bank has their own developed to ensure that their business model is supported. Aside from the standard terms and conditions in most credit policies and associated procedures here are a few items you might consider if you do not have them already:

- 1) Understand the economic and political situation in the region in which you are lending. What are the exchange rates, what is the forecasted inflation rate, what are the fiscal and monetary policies of the nation and its regulators, what are the economic opportunities and risks?
- 2) Understand the industry in which your borrower operates and the markets they serve. Who do they sell to and what do they sell and are they under competitive pressure? Who are their suppliers and what are the costs of these? Are they going up or down? This is sometimes referred to as supply chain or value chain analysis – understand-

ing the way your borrower fits into the chain from production of a product or service to the end user. What are the machines, technologies, and processes used. What are the laws, standards and specifications governing the products?

- 3) What kind of a life style does your borrower have – expensive tastes create cash flow drains.

If you are dealing with borrowers that are companies you have some options that might be included in a loan agreement:

- 1) The founder of the company may be the managing director or chairman of the board of directors as well as a major or even the sole shareholder. The bank should seek to ensure that the interests of the bank and the owner of the business are aligned. Does the managing director have a contract with the company? The management contract can control wages, benefits, travel allowances, car allowances and care leases, bonuses, authority to commit the company to other debts and to contract. Enforcement is part of the loan management system and defaults can allow calling of the loan. This seeks to control the way that the company can have funds taken out without the banks knowledge or permission and stay on course.
- 2) The main shareholders of the company can be asked to guarantee the loans of the company and the guarantee can be collateralized with the shares of the company. Thus in the case of default the bank has the shares of the company and controls it. This then can allow the bank to sell the company, or take other actions on the assets of the company that will seek to recover the loans or re-structure the company at minimal cost including rights to appoint receivers or liquidators.

- 3) Full insurance coverage on all assets with first loss payable to the bank are crucial to addressing risks of death and the disability of key management, business interruption as well as cover on the assets. Credit insurance can assist with exports.

- 4) What happens if there is a divorce in the case of married people and how do you handle the risks of this when the company is a major asset that might be fought over in the divorce settlement.

- 5) Do you have clear access to the operations and accounts of the customer including interim financial information and trial balances as you may reasonably request, as well as access to the premises of the company to do spot checks on inventory and operations as well as inspect the assets you may be leading against.

- 6) Ongoing training of bank personnel involved in lending so that professional skills increase and that career advancement is facilitated.

- 7) If you do contract financing for SMEs you can control cash flows though the entire supply chain managing this risk as well. It also develops a new loan and service category, value chain financing critical today for SMEs.

Relationship lending is an exciting opportunity for banks and clients to create, shared expert knowledge and strategic alignments to increase economic activity while developing the nation.

Results of the study of the Customers Financial Education project

Kosovo Banking Association (KBA) represents the banking industry in Kosovo by cooperating with the Government, the Central Bank of the Republic of Kosovo, International organizations and civil society, the media, and the public opinion. The aim of KBA is to support a healthy banking system and open and fair competition as well as financial education and literacy for banking clients, which promotes the long-term economic development in Kosovo.

With the aim to inform the wide audience about the financial sector and in order to improve the financial education for the banking clients in Kosovo, KBA in July of 2014 has signed an agreement with International Finance Corporation (IFC) for the implementation of the Financial Literacy Campaign.

Kosovo's financial system is facing high level of sustainability in all its constituent sectors. The banking sector as a main component of Kosovo's financial system has maintained the level of sustainability, while financial intermediation activity has continued to grow but at slower rate.

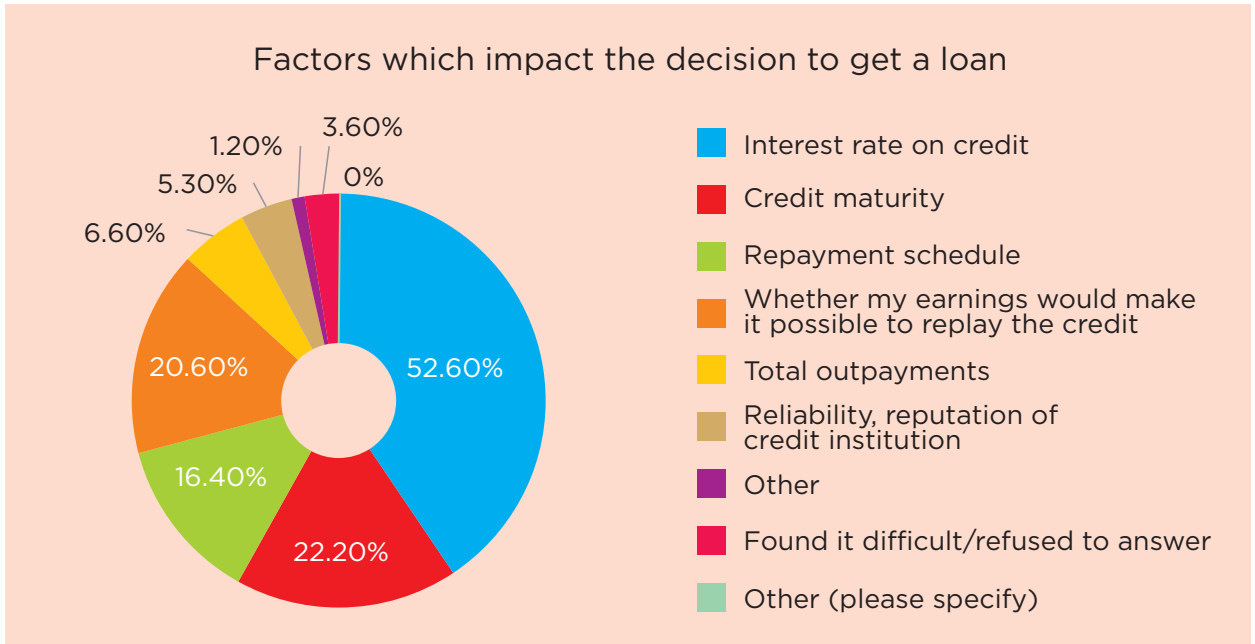
The banking sector remains the main segment of the financial intermediation in the country, whose assets accounted around 72 percent of total financial system assets in June 2014. As of June 2014, the value of assets of the Kosovo's financial system amounted to euro 4.3 billion, marking an annual growth of 12.2 percent. This increase is mainly attributed to an increase of commercial banks assets and pension funds' assets, the two sectors which dominate the total financial system assets and were characterized by increased activity. In general there is no any significant activities undertaken up to now from public institutions in raising awareness of Kosovo population in regard to the banking. Commercial banks in its own are making efforts to raise awareness of its clients using different channels for it.

Almost 15 years after first bank was licensed in Kosovo market there are 9 commercial banks operating. 7 out of 9 banks are banks with foreign capital. Kosovo's economic development is based to a considerable extension from the banking activities/products and services.

Estimating financial literacy level of population is a difficult task particularly where the questionnaire for this section is developed in a manner which mainly gives opportunity to the respondents to give their own opinion which could be wrong or correct individual perception.

Respondent's opinion in regard to the financial literacy seems to be good because they think that they know reasons of taking credit, what factors affect credit decision (52.6% interest rate on credit, 22.2% credit maturity, 21% re-

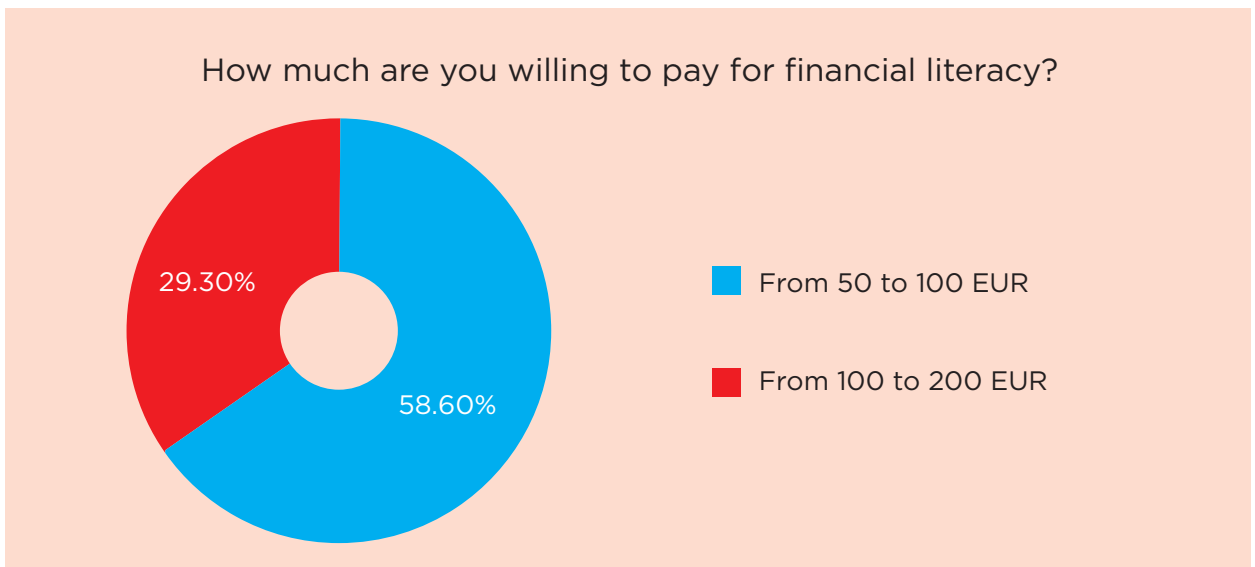
payment capacity), which factors affect interest rate, knowing about credit agreements (65% know it), need to consult or get information prior to signing credit agreement.



In other side respondents are willing to learn more 73.8% while no need for further learning is 22.3%. They know less for these business plan elements: financial indicators and forecasts 28.7%, risks 26.8% and funding sources and their use by 17.2%.

are willing to pay from 50 to 100 euro. While mostly they would like to be trained from training companies 40.8% followed by medias 15.4%. Topics which would be desirable to get trained are Business planning with 34.4%, setting own financial objectives with 20.9% and how to not run into debt when using a credit by 19.1%.

The respondents who are willing to pay for financial literacy comprises 55.3% of them and 58.6%



Facts shows that the respondents are not equipped enough in regard to the financial literacy. In regard to term "Principle" in credit agreement document 55.3% of respondents do not know (giving refusal answer) or have given wrong responses. Respondents showed low knowledge in respect to effective interest rate where 72.5% of them didn't know or have given wrong responses. But their opinion says that they know 79% about Interest rate actual, 41.2% about Nominal interest rate, 42.6% about Fixed interest rate, 35.5% about Decreasing interest rate, 29.8% about Complex interest rate and 31.9% about Effective interest rate. Even though it expresses respondents opinion we believe that literacy on this items is well below given responses. Based on our experince result derived from question in knowing "Credit Registry" is surprisingly high with positive ansewers of 53.4%.

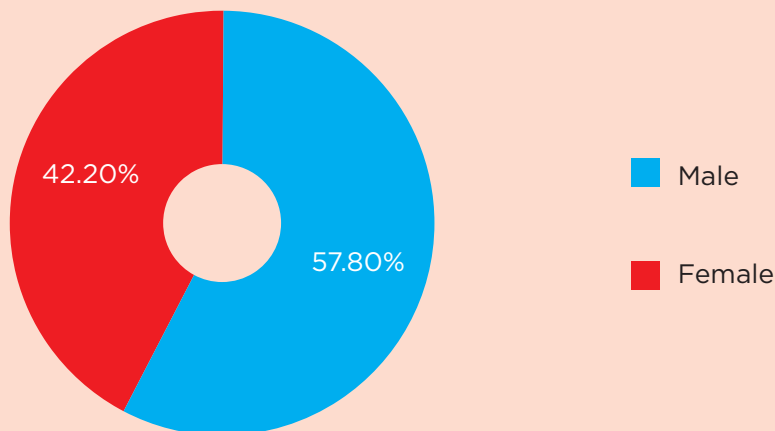
One interesting aspect of respondents answers is from what kind of medias do they get informed. Respondents confirmed that the internet and television are the main coomunication tools to be informed foolowed by daily newspapers. Based on research radio is used too little compare with other communication tools.

Respondents for being informed mainly has selected one (1) internet website, two (2) daily newspapers, 2-3 radio channels and 2-3 TV channels (main TV channel is public TV).

In regard to the socio-demographic sphere results of questionnaire reflected these structure of interviewed respondents:

- male respondents were 57.8% and female 42.2%;
- average age of respondents was around 35 years;
- 40.8% were single, 56.7% married, 1.5% divorced and 1% widows;
- average family members per household is around 5.3 persons;
- students were participating with 19.2%, 12.9% un-skilled labour, 10.4% public officials etc.; and
- rural respondents has participated with 50.8% and urban covered 49.2%.

Participants in the study



These data are taken from the questionnaire on the level of financial literacy in Kosovo conducted by International Finance Corporation (IFC) co-financed by Kosovo Banking Association

(KBA). This questionnaire is part of the project on financial literacy supported and co-financed by IFC and KBA.

The importance of updating client data in the banking industry

Quality of customer data is a crucial factor in the banking sector. According to international and national regulation/laws, banks are obliged to update customer data on a timely basis (ongoing basis), depending on the laws and regulation in the respective countries. Continuous updating of customer data avoids the quality issues of customer data, which result from a variety of factors, ranging from change of phone numbers, change of address, last name, business activities of client's business, beneficial owners of companies and a variety of other factors. Therefore, in this context, clients should be closely co-operative with banks in order to achieve this common objective.

When creating customer profiles, certainly customers should provide banks with accurate and qualitative information that will help the bank contact the customer with ease, but it will certainly facilitate banks the process of identifying the needs of customers with the aim of providing banking services and products, to suit the needs of businesses and private individuals. The client, by being cooperative with the bank, he/she will simultaneously receive accurate and timely information from the bank regarding innovative services.

Banks, gather information on an ongoing basis, regarding the purpose and intended nature of the business relationship between the bank and customer. Documents provided by customers must be dated as new, so that the data contained in them facilitates banks in conducting due diligence for their clients. Such documents are stored according to the rules enforced in the Republic of Kosovo, by archiving in safe places and with access limited only to the personnel responsible for the clients. In order for banks to successfully perform their job and keep customers informed in time, they require a closer cooperation with their customers. Therefore, customers are constantly encouraged by banks to notify the bank in time for eventual changes in their data; this is undoubtedly in the interest



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of both parties. So, banks create customer profiles with accurate and qualitative data, whereas clients benefit from banks, obtaining high quality banking services, but also services that suit their needs.

With customers providing their bank with accurate and updated information, they support them in creating and maintaining customer profiles, assist in conducting successful customer identification; while the support of banks from their customers will help them be in compliance with the law but, also assist them in increasing transparency towards their clients, who will be timely informed on the newest banking products and services and will have greater facilitations for identifying the needs of their customers (the financing needs of their businesses, home renovations, study financing and so on).

As a result, clients supporting banks in the process of updating their data, undoubtedly help them be able to make the right decisions regarding banking products, market, marketing, etc., which decisions are in the best interest of clients, but also in the interest of family finances for private clients.

Where Does Bill Gates Keep His Money?

What do you do with your money when you're one of the world's wealthiest individuals? Bill Gates has amassed a net worth upwards of \$80 billion to date. Gates earned the majority of his vast fortune as one of the founders of Microsoft Corporation, and where he served as CEO, chairman, and chief software architect. Gates was the largest individual shareholder of Microsoft (MSFT) until May, 2014. Here is where this billionaire stashes some of his money.

Investments in Corporations

Due to strategic sales of Microsoft shares, which Gates can credit for the bulk of his current wealth, Gates' holdings in MSFT make up just around twenty percent of his holdings. The majority of Gates' financial assets are investments in corporations managed by Cascade Investments, LLC, an entity now partially run by Gates to purchase stakes in various businesses. The portfolio held for Gates by Cascade is certainly well-diversified with investments ranging from over \$2 billion of Republic Services (RSG), a waste management company, to over \$680 million in the national car dealership franchise AutoNation (AN). Nearly another \$2 billion is stashed away in Ecolab (ECL), which produces cleaning supplies. In addition, it is reported that Cascade owns nearly a 50% stake in Four Seasons Hotels, over 10% of Canadian National Railway (CNI), around 7% of Arcos Dorados (ARCO), the largest McDonald's franchisee in the world, and a large chunk of the tractor maker John Deere (DE) - among others. Gates recently founded BGc3 (Bill Gates Catalyst 3), a think tank and venture capital firm



dedicated to scientific and technological services, industrial research and using computing to combat poverty. He is also directly involved in Corbis, a digital image licensing and rights company, TerraPower, a nuclear reactor company, and Research Gate, a social networking sight for researchers and scientists.

Real Estate

His investment portfolio is certainly significant and well-diversified, but Bill Gates also puts his money to use buying real assets including a sprawling estate and a private island.

In 2013 Bill Gates purchased a mansion in Wellington, Florida for \$ 8.7 million. The house has extensive equestrian facilities, such as a show jumping area and a twenty stall horse barn.

Planes & Automobiles

Bill Gates owns his own private jet - a Bombardier BD 700 Global Express. This ultra-long range corporate jet can reach Mach 0.88 and likely cost around \$45 million. Through his membership in Netjets, Gates also owns a share of a Boeing Business Jet or BBJ.

Collectibles

While it's certainly an achievement to own one-of-a-kind real estate and rare cars, it is another to own precious, irreplaceable collectibles – and Bill Gates certainly has accumulated quite the collection.

In 1994, he purchased a celebrated Leonardo da Vinci manuscript at auction for \$30.8 million. Known as the *Codex Leicester*, this work documents many of Da Vinci's scientific discoveries and observations. In 1998 Gates acquired the painting *Lost on The Grand Banks* by prominent American painter Winslow Homer for a record \$36 million. He followed that up in 1999, purchasing George Bellow's *Polo Crowd* at auction for \$28 million. Among his vast art collection, he has also picked up Frederick Childe Hassam's work *Room of Flowers* for \$20 million, William Merritt Chase's *The Nursery* for \$10 million and Andrew Wythe's *Distant Thunder* for \$7 million.

Philanthropy

For one of the wealthiest men in the world, giving away assets to worthy causes is atop Bill Gates' list of achievements. The Bill & Melinda Gates Foundation is currently the largest chari-

table foundation in the world. The foundation's 2012 annual report reported assets of nearly \$32 billion – over \$2 billion of which was donated by Bill Gates himself.

He has also encouraged fellow billionaires to donate large sums to charitable causes through *The Giving Pledge*.

The Bottom Line

For Bill Gates, savvy investing in a diversified portfolio of financial assets, real estate and collectibles helps to ensure that his wealth will continue to grow. But beyond that, his philanthropic mission to donate much of his wealth to worthy causes to help better the world may be his biggest investment and certainly a lasting legacy.

Source:

http://www.investopedia.com/articles/personal-finance/111214/where-does-bill-gates-keep-is-money.asp?utm_source=facebook&utm_medium=social&utm_campaign=fb-automated-post



ATTF: 15 years of transferring banking expertise

ATTF (Financial Technology Transfer Agency) celebrated last month 15 years of knowledge transfer in banking matters.

Created by the State of Luxembourg, ATTF is a public-private partnership whose shareholders comprise of major players in finance and education in Luxembourg: the regulator CSSF, the central bank, the Chamber of Commerce, the association of finance professionals PROFIL, the University of Luxembourg and the bank training institute.

The main mission of ATTF is to transfer banking and finance knowledge and expertise to specific, target countries, now numbering more than 40. This technical assistance is part of the general policy of cooperation of the Luxembourg government. Through its work, ATTF also promotes the image of Luxembourg as a financial centre on a global level.

Thanks to the financial support from the state, ATTF has organised since its creation in October 1999 more than 1,300 training seminars gathering over 25,000 financial professionals. "We can estimate that every day one of our experts is training somewhere in the world", says Patrick Wallerand, Director.

Relying on a network of over 120 banking and finance experts all emanating from the financial sector, and in cooperation with its local partners, the agency organises about one hundred short courses (3-10 days) every year. In 2013, ATTF organised nearly 8,200 man/days training events with more than 2,250 participants.

Training takes place both abroad in partner countries and in Luxembourg where some participants can even acquire or get prepared to international certifications for instance in risk management, treasury, prevention of money laundering or private banking. Patrick Wallerand explains: "The participants we receive in Luxembourg are all impressed by the high level of the subject matter and the professional structure of our training where practical cases complement the necessary theoretical backbone. Quite often they turn up as excellent ambassadors of our financial marketplace."

PATRICK WALLERAND

DIRECTOR OF
INTERNATIONAL
PROGRAMMES

ATTF



The cooperation with Kosovo started in 2005 with KBA acting as the local counterpart. "Our longstanding partnership with KBA is very friendly and highly collaborative. In spite of the small size of the banking sector there has been an increasing participation to both Pristina- and Luxembourg-based training seminars; participants are enthusiastic about the quality of our offering and really appreciate the continuous efforts of KBA to give them access to that expertise" comments Patrick Wallerand.

Over the past 5 years, ATTF has also provided over 1,300 consultancy days, usually consisting of technical assistance projects for regulators and supervisors in emerging countries.

As the Luxembourg government has confirmed its commitment towards ATTF's mission the agency looks forward to start planning its 2015 activities; a first seminar on Asset and Liability Management will take place in Pristina on January 19-21 while the Luxembourg programme is now available on www.attf.lu.

Link to a testimony video of two experts to mark ATTF's 15th anniversary:

<http://vimeo.com/108208481>

Finance Fair 2014

Finance Fair 2014 was organized on September 23rd and 24th, 2014 at the Swiss Diamond Hotel. Within the Financial Fair, this year various companies were exposed, including: banking institutions, microfinance institutions, insurance companies, local public agencies, educational institutions, international organizations and consulting companies.

This Fair presented companies/ institutions as diverse as banking institutions, non-banking financial institutions, microfinance institutions, insurance companies, audit and accounting companies, educational institutions, agencies and different programs. Besides the exposure of various companies in the Financial Fair, two conferences and a forum were organized.

The first conference entitled "Contract Enforcement and Access to Finance" was held on the first day of the Fair, and on the same day the second conference entitled "How to cooperate with banks for better interest rates?" was also held. The forum on "Risk on financial environment" was held on the second day of the Financial Fair 2014.

Executive Director of the Kosovo Banking Association, Mr. Petrit Balija stressed that this fair is considered one of the best so far because the interest of visitors has been greater and during the fair priority topics for the economy and the financial sector were treated in particular. The

conclusions of the conferences held within the Financial Fair 2014 are published in the Periodic Review of the Financial Sector of Kosovo published by the Kosovo Banking Association in October, a publication that can be downloaded at KBA's web site.

During the Financial Fair 2014 a reward activity was organized with the objective to promote and increase the number of visitors to the fair and reward them in gratitude as clients of financial institutions. The reward activity was located in the "Mother Teresa" Boulevard during the two days of the Financial Fair 2014. All the fair visitors who managed to collect at least 15 brochures of the exhibiting companies at the fair were qualified to enter the reward activity. The withdrawal of three individual prizes from KBA was done through the television program "Time for Finance" on KTV.



KBA awarded prizes of the reward activity 'Finance Fair 2014'

Kosovo Banking Association awarded the prizes to the winners of the reward activity in the Financial Fair 2014. This reward activity was open to all visitors of Financial Fair held on September 23rd and 24th at the Swiss Diamond Hotel.

Drawing the winners of the reward activity was done in the television program "Time for Finance" on KTV.

Winners of this reward activity are:

1. Amir Haradinaj, Vushtrri, - Samsung Laptop and a copy of the book "Understanding personal finances" by the author Mr. Flamur Keqa
2. Flamur Benquku, Obilic, - Samsung Galaxy Grande Smartphone and a copy of the book "Understanding personal finances" by the author Mr. Flamur Keqa

3. Naile Fejzullahu, Podujeve, Samsung Galaxy Tablet Tab3 and a copy of the book "Understanding personal finances" by the author Mr. Flamur Keqa

Kosovo Bankers Association would like to thank all participants of the reward activity.



Kosovo Banking Association (KBA) signed a memorandum of understanding with the European Banking Federation (EBF)

On September 1st, 2014 the memorandum of understanding between Kosovo Banking Association and the European Banking Federation was signed. On one side, Kosovo Banking Association as the representative of the banking sector in Kosovo, representing eight banks, and on the other side the European Banking Federation which is the united voice of banks established in Europe, have reached this agreement with the aim of consolidating, developing and intensifying their cooperation to achieve the common goals and objectives.

The objectives of this memorandum will be achieved through sharing of information about regulatory developments, the exchange of views and ideas on closer cooperation at global level and with global organizations.

Executive Director of the Kosovo Banking Association, Mr. Petrit Balija said that this memorandum of understanding opens the door for further membership in international level for faster

integration in Kosovo's financial system and the Republic of Kosovo in the European Union. The area of cooperation includes mutual exchange of relevant information, publications and resources, promotion of excellence in banking practices, joint arrangement, promotion and support of events and meetings between the parties.



KBA participates in the regional meeting organized by Child & Youth Finance International and the Central Bank of Macedonia

On October 2nd and 3rd 2014, the third Regional meeting for Europe and Central Asia organized by Child & Youth Finance International in co-

operation with the National Bank of Macedonia was held in Skopje. Kosovo Banking Association attended the two-day meeting, as a result of

continuous efforts to increase financial education and awareness of children and youth about the banking system in Kosovo. This organization is held in Skopje with the invitation of the Governor of the Central Bank of Macedonia. Mr. Dimitar Bogov. Participants from many countries attended the meeting, representing Britain, Armenia, Kazakhstan, Croatia, Germany, Estonia, Spain, Portugal, Latvia, and Romania.

In an interview for RTM2, the director Balija said: "I hope to have the support of the Central Bank, commercial banks, the Ministry of Education and all other relevant bodies, so that our youth, Kosovo's children are educated in the finance aspect, in order to have a better life and future "- said the director of the Kosovo Banking Association, Petrit Balija.

"We have joined the organization Child and Youth Finance International in order to integrate the banking sector to international networks for youth financial education so that the young people of Kosovo have access to information about the financial world," stated the

Executive Director of the Kosovo Banking Association Mr. Petrit Balija.

Furthermore, the Kosovo Banking Association in cooperation with the Central Bank of Kosovo, in the beginning of 2014 organized the first Global Money Week where lectures about personal finances were held to few groups of children of primary education.

In addition to these commitments for financial education, KBA has signed a two-year project with IFC World Bank Group to educate banks' customers about financial education.



Kosovo Banking Association met with the European Central Bank

Today, on September 30th, 2014, a meeting was held between the Kosovo Banking Association (KBA) and representatives of the European Central Bank (ECB).

In the meeting, The European Central Bank (ECB) was represented by Mr. Francisco Ramón-Balaster, economist for international relations and cooperative division, responsible for the team of candidate and potential countries for the European Union. While at the meeting, the Kosovo Banking Association was represented by the executive director Mr. Petrit Balija and the chairman of the board of directors of KBA, Mr. Robert Wright. During the meeting, the current situation in the banking industry in Kosovo and preparations for further integration of the financial system of Kosovo towards the EU were discussed.

The Executive Director of the Kosovo Banking Association, Mr. Petrit Balija, said that "These

meetings are in the service of the banking sector stability in Kosovo and planning for future integration into the EU. Such visits by the European Central Bank are an encouragement to us in indicating that the EU is keen to support the banking sector in Kosovo and help in further international integration. "

The visit of representatives of the European Central Bank is expected to last for 3 days in Kosovo.



Kosovo Bankers Association (KBA) signed an agreement of cooperation with Kosovo Surveyors Association (KSA) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Pristina, September 4th, 2014: Kosovo Banking Association as the representative of the banking sector in Kosovo, on September 4th signed a cooperation agreement and mutual recognition of Kosovo Surveyors Association (KSA) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

This memorandum is intended as an expression of goodwill and willingness for mutual cooperation. Furthermore, the memorandum of cooperation aims to establish and further develop professional knowledge and professional mediation activities.

The agreement is signed by Mr. Robert Wright-KBA, Mr. Murat Hoxha -KSA and Guenther Fehlinger -GIZ.

The executive director of the Kosovo Banking Association Mr. Petrit Balija, said that the cooperation of the signatories to this memorandum will be in the field of property and further development of this sector. This is an agreement that will facilitate communication and collaboration with stakeholders needed to improve transparency in the Kosovo Cadastral system that would improve all aspects related to immovable property in Kosovo, said Mr. Balija.



Kosovo Banking Association signs a memorandum of cooperation with Insurance Association of Kosovo and GIZ

The Central Bank of the Republic of Kosovo held the 5th Forum on property in Kosovo, with the topic on "Property Market and Mortgage Loans in Kosovo -Growth and Progress", organized by GIZ, the Project on Land/ Cadastre Management in cooperation with the Central Bank of the Republic of Kosovo.

Participants in the forum were representatives from local institutions, whose primary work focus is on subjects associated with property. Director of GIZ for Kosovo Mr. James Macbeth, opened the forum by acknowledging the participants on the objectives and achievements of GIZ projects in Kosovo. Then, the Leader of the Project on Land/ Cadastre Management Mr. Guenther Fehlinger thanked the participants and highlighted the importance of improving cadastral data, as vital in improving the property sector. Director of Banking Supervision, Mr. Mentor Geci, presented recent activities around the development of the le-

gal framework for the regulation of residential mortgage loans, as well as other activities on creation of an adequate market for mortgage loans in Kosovo. It was also noted that the Central Bank of the Republic of Kosovo, within the legal competence is committed and will continue to engage on the creation of a modern legislative environment, with the function of supporting the development of the banking sector in particular and the economy of Kosovo in general.



Other members of the panel were Mr. Muhamet Krasniqi from the Office of the Prime Minister,

Mr. Murat Meha from Kosovo Cadastral Agency, Mr. Jakup Fetaj, Deputy of the Cadastral Agency in Macedonia, and Mr. Ivan STOJANOVIC from Macedonia Banking Association, who presented Macedonia's case in terms of achievements in the field of registry, digitization, data distribution, and the impact of this development on the efficiency of the mortgage market in Macedonia.

The forum continued with Mr. William DONOVAN's presentation, counselor on Housing Finance Project from the US Treasury Office supported by the Central Bank of the Republic of Kosovo and the Ministry of Finance. Mr. Donovan outlined the work of the Housing Finance Project in the creation and advancement of the legal infrastructure to facilitate and develop the market for residential mortgage loans in Kosovo. The result of the project presented today is the final draft of the regulation of residential mortgage loans, which is in the process of being finalized by the Central Bank of the Republic of Kosovo. This regulation is expected to establish sound regulation for the entire process of approving and servicing residential mortgage loans.

Within this forum, Kosovo Banking Association has signed a memorandum of understanding with the Insurance Association of Kosovo and GIZ. The contract was signed by Mr. Petrit Baliija

(KBA), Mr. Adem Selmani (IAK) and Mr. Guenther Fehlinger (GIZ).

The executive director of the Kosovo Banking Association, Mr. Baliija said "One of the most important investments for the citizens of Kosovo is buying residential property. Meanwhile, for the banking industry residential mortgage loans constitute one of the main products for the development of the sector. In this regard, commercial banks in Kosovo through the Kosovo Banking Association have collaborated with the CBK and the US Treasury advisers to prepare the regulation for Funding Housing in Kosovo which will regulate the financial market for residential properties in Kosovo.

This regulation provides safeguards for bank's customers but also development opportunities for the banking industry. In this context, the insurance companies in Kosovo will also have an important role in insuring these properties and thus reducing the risk for owners but also for banks.

Upon completion of this Forum, Mr. Guenther and Mr. Geci emphasized the need for mutual cooperation between institutions as a prerequisite in pushing processes forward, in full convergence with international principles of the European Union.

Kosovo Banking Association and the Albanian Association of Banks sign the Memorandum of Cooperation

Kosovo Banking Association and Albanian Association of Banks have signed a Memorandum of Cooperation on December 10th 2014 with the aim to expand joint activities and cooperation in the further development of the banking sectors of both countries.

The signatures were given by the Executive Director of the Kosovo Banking Association (KBA) Mr. Petrit Baliija and Mrs. Endrita Xhaferaj, General Secretary at the Albanian Association of Banks (AAB).

"This memorandum marks the formalization of cooperation between the two banking sectors the one from Kosovo and Albania, to exchange experiences and information and to coordinate

efforts and activities to improve the financial system in both countries," said Mr. Baliija .

KBA has already initiated similar agreements for cooperation with other homologous associations in the region aiming to expand the experiences and support of regional policies for financial sector development and further integration in the European financial arena.



BKT sponsors high school graduates projecting their career as bankers

Banka Kombetare Tregtare (NCB) in Kosovo for the fourth consecutive year has allocated scholarships for students who want to study "Banking Management" Branch in FASTIP, "Aleksandër Moisiu" University in Durres.

Banka Kombetare Tregtare (NCB) and the University "Aleksandër Moisiu" share the responsibility for the entire studying program with both academic and practical orientation and BKT plays a key role in supporting innovation in university education system. The initiative is launched by BKT in Albania where for the seventh consecutive year scholarships have been awarded and 62 graduates from this branch have been employed immediately after graduation and become part of the sustainable success of BKT Albania.

BKT continues to pay special attention to social responsibility, considering it one of its ongoing priorities. Therefore, the Bank will continue to allocate scholarships of this type in the future and will offer a contract to the best graduate



students, according to performance and organizational needs of the bank.

Banka për Biznes and IFC sign an agreement of cooperation

BpB and IFC, a member of the World Bank Group, are working together to increase the energy efficiency of smaller companies and homes in Kosovo. IFC will support the bank to improve its internal capacity to find, evaluate and finance energy efficient projects in the country.

BpB and IFC signed the agreement in Pristina on 18 September 2014, where the representatives of BpB and IFC presented the main features of the project to the local businesses, trade associations, government agencies and the media.

"As a bank operating in Kosovo since 2001, we know there is a significant investment potential in energy efficient modernization of small and medium sized enterprises, as well as in the residential sector," said Richard Beasley, CEO of BpB.

"However, energy efficiency investments are rather complex and we are glad to develop that aspect of our business in cooperation with IFC".



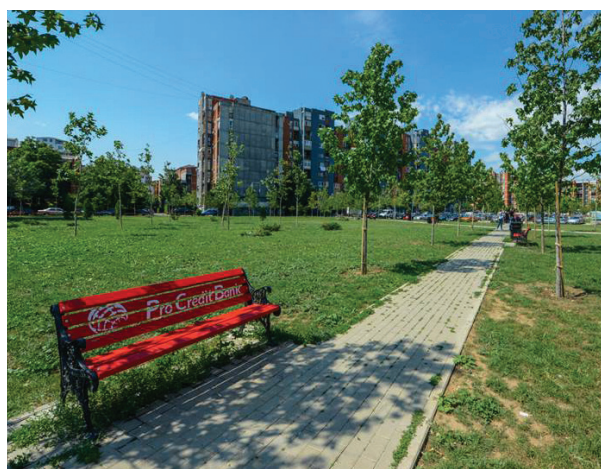
ProCreditBank improves park in Dardania, Prishtina

ProCreditBank as a bank that invests every day in protecting the environment has improved the park in Dardania neighborhood of Prishtina.

More than 9,500 m² of public space has been turned into a park equipped with benches and trash cans, transforming this space into a comfortable park for residents who live around.

Investing in this park reflects the need for greener public spaces in Kosovo and an ongoing contribution of a responsible financial institution to the environment.

“With this investment, we as a bank aim to contribute towards an increase of green space as a necessity for urban areas. This investment marks the conclusion of a project to increase green spaces in many cities nationwide, representing a total investment of nearly EUR



60,000, with about 415 trees planted and over 10,500m² of green area created, said Ilir Aliu General Manager of ProCreditBank.

ProCreditBank general sponsor of the DokuFest Festival 2014

ProCreditBank for the tenth year in a row has supported the International Festival of Short Film and Documentary DOKUFEST, as a general sponsor of this important cultural event in the country. This cultural event attracted the attention of a large number of artists from the region and around the world and more than 250 films were screened.

It is worth noting that this edition also showed videos of citizens who have filmed environmental issues within the framework of the competition held by ProCredit Bank and DokuFest for the Best Environmental Video. *A Day of Clear Weather* by Odeta Cunaj and Alketa Ramaj and won first place, the second place was won by – Besnik Boletini with *Dead Rivers* and *Reka Sitnica* from Sonja Ristic won the third place.

ProCreditBank donated 150 computers

ProCreditBank donated more than 150 computers for students in elementary and high schools throughout Kosovo. By offering this support, ProCredit Bank is helping the development of qualitative education for Kosovar students.

ProCredit Bank continuously supports Kosovo's citizens in various educational projects in order to emphasize the objectives of our bank as a socially responsible institution.

The Banker: Raiffeisen Bank “Bank of the year 2014”

The recognized magazine of the Financial Times LTD, The Banker awarded the “Bank of the Year in Central and Eastern Europe” to Raiffeisen Bank International AG (RBI). But this was not the only price awarded to RBI. The award as “Bank of the Year 2014” in the countries where they operate, received five RBI network banks including Raiffeisen Bank Kosovo. For Raiffeisen Bank Kosovo, the award as “Bank of the Year 2014” by The Banker is the third award that Raiffeisen

Bank receives for her performance in Kosovo in 2014. Two other evaluations as the Best Bank in Kosovo for 2014, Raiffeisen Bank has received from Global Finance and Euromoney.



Raiffeisen
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Publications of the Kosovo Banking Association

"The Kosovo Banker" is a publication of the Kosovo Banking Association. The magazine is published twice a year with the aim to properly inform the public on the banking industry in Kosovo. For more information, please go the

the web site of the Kosovo Banking Association www.bankassoc-kos.com.

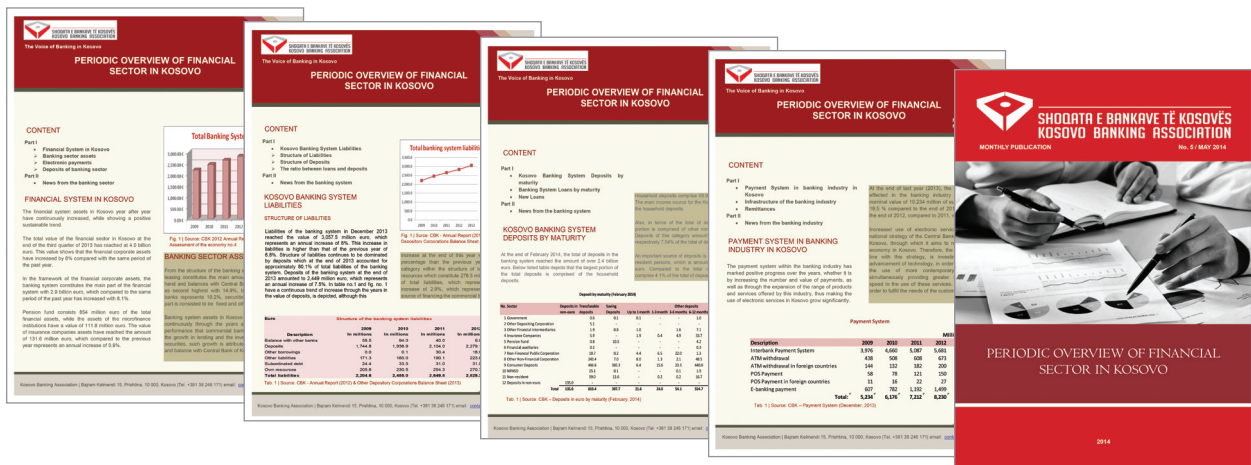
Published magazines:



"Periodic Overview of the Financial Sector in Kosovo" is a monthly publication of the Kosovo Banking Association starting with its first publication in January of this year. Monthly publications are comprised by data and general overview of the financial system in Kosovo. Each

monthly publications will address specific issues of the financial system which for main focus will have the banking sector in Kosovo. www.bankassos-kos.com.

Monthly publications published so far:



Sot konsumatorët tuaj janë në internet.
E ju?

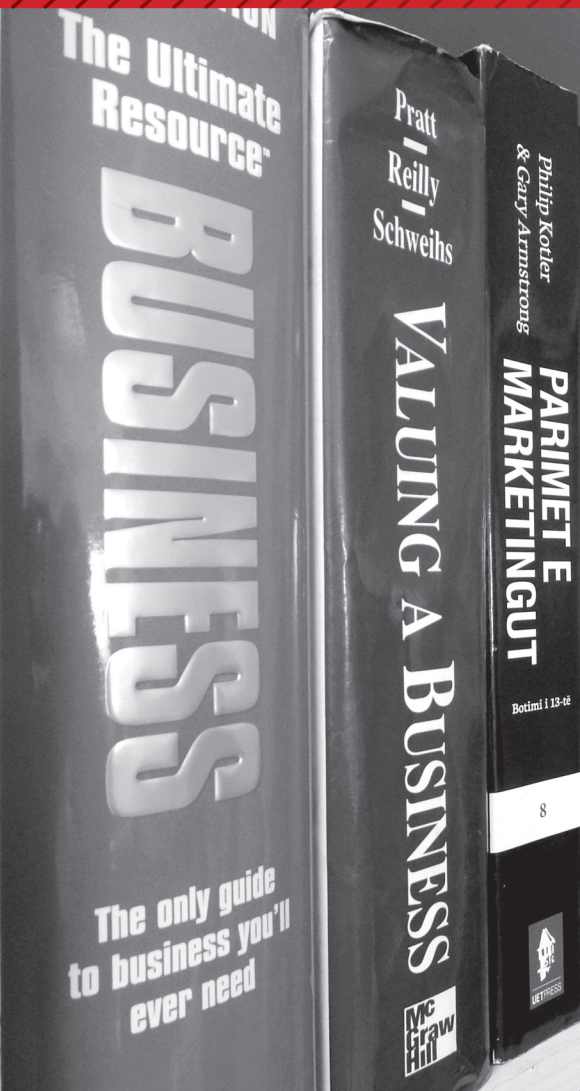
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For more information on registration or the programme, contact Training Center at Kosovo Banking Association at:

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