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For a sequenced  
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The current situation of  
interest rates in Kosovo

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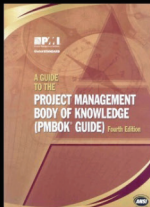
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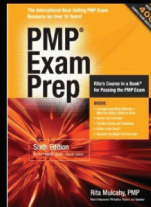
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**The Kosovo Banking Association (KBA)**

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, Prishtina; 10000. Republic of Kosovo; +381 38 246 171; www.bankassoc-kos.com; contact@bankassoc-kos.com;

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The views expressed in the articles of the magazine are those of the authors and do not necessarily reflect the standpoints or policies of the Kosovo Banking Association or the European Fund for Southeast Europe.



# EDITORIAL



**PETRIT BALIJA, PhD**  
EXECUTIVE DIRECTOR  
KOSOVO BANKING  
ASSOCIATION

## Dear readers,

Welcome to the fourth edition of the 'The Kosovo Banker' magazine. This edition is enriched with topics of the current economic situation and elaborates various issues of economy, the financial sector and personal finance. As in the previous editions, this time we have dedicated special attention to the banking industry but with an added focus on the relations to other aspects of economy and financial education.

With the aim to better inform the public on the latest developments in the banking industry, as part of the financial education initiative for youth and the general public, the Kosovo Banking Association has managed to distribute over 10,000 copies of this edition with one of the daily newspapers throughout the territory of Kosovo. This edition of the magazine contains articles by competent authors and experts in the field of economics and legislation who deliberate on various important topics so that the magazine is more informative to the public and serves as a practical guide on financial education and personal finance. Some of the topics elaborated in this magazine are: Opportunities for private sector development in Kosovo, Leasing in Kosovo, The impact of training on the professional development of personnel; fur-

thermore, there are also articles that address the current situation of interest rates in Kosovo and articles on new initiatives of the Central Bank of the Republic of Kosovo and the World Bank regarding financial education and consumer protection for which the Kosovo Banking Association carries an important role.

Moreover, starting from the previous edition, the Kosovo Banking Association in its continuous effort towards financial education has included practical guidance for banks' clients and informative articles about the key words used in the day to day operations in the banking industry. Additionally, this edition contains articles about ways on how a client can use the ATM and the e-banking platform by taking safe measures to secure his/her debit card.

Finally, I would like to thank all the authors who have contributed to this edition of the magazine and our sponsors enabling us to have a magazine that offers the latest views on the most important issues of the financial sector, economic development and financial education for a more sustainable future of Kosovo.

I wish you a pleasant read!





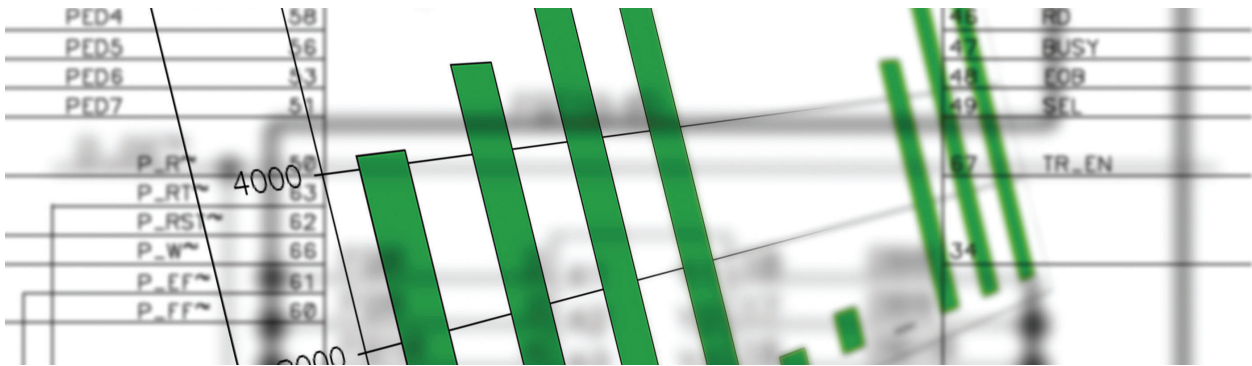
## SPEECH OF GOVERNOR HAMZA AT THE OPENING OF FINANCE FAIR 2013

### Dear participants,

It is a pleasure to be among you today and all together to notice the achievements of Kosovo financial sector; I would also use the opportunity to congratulate the Kosovo Banking Association for organizing this fair that has already become a tradition. This trade fair exhibition shows to the best way that Kosovo financial industry, though it started to develop from the very beginning just a few years ago, has managed to be well consolidated and offer to the economy the necessary financial products like wise financial industries of other countries which by «age» are much older. The development of Kosovo financial sector has been satisfactory since at the beginning of its operation being in the context of products development, which consistently responded to the growing needs of the economy, also in terms of sustainability by enabling this sector to contribute at the same time to the increased economic activity and maintain macroeconomic stability of the country.

The banking system, as a key component of the financial sector in Kosovo, continued to expand its activity and at the same time be highly stable. The importance of the stability of the banking system is noted particularly in the recent years when the global economy was faced with one of the worst economic crises in which the instability of the banking sector not only caused cease of funding for the economy but made banking systems become a heavy burden on public finances. In Kosovo, thankfully, we had another situation, even when external sources of funding were weakening, the sound foundations on which our banking system was built, along with bank credit and expansion of public expenditure had a significant role in financing economic activities in the country, thus mitigating the impact of the crisis on the economy. This made the economy of Kosovo during this period to continue to grow with the highest rate of growth in the region, which mutually contributed to the stability of the banking system itself.





During 2013, the lending activity of the banking system in Kosovo continued to grow while the main funding source of this increase were still deposits collected within the economy of the country, thus making the level of exposure of the banking system to oscillations in the global markets continue to be low. Health indicators of the banking system continue to reflect high level of sustainability. The quality of the loan portfolio, despite the slight increase of non-performing loans in the last period, continues to be good with one digit rate of participation of non-performing loans to total loans.

Moreover, the high level of coverage of non-performing loans with provisions for credit losses and the high level of capitalization make the Kosovo banking system sustainable against credit risk, which is also confirmed by other analyses of the sensitivity of the banking system that the Central Bank of the Republic of Kosovo performs. The high level of liquidity of the banks operating in Kosovo has made that at no time to doubt the ability of banks to meet their obligations. For this, the banks certainly are rewarded by a higher public confidence that is expressed through the stability and continuous growth of deposits in the banking system.

However, despite the very important role that the banking system has played in the Kosovo economy, there is still enough space for this role to further advance in order for its influence in the development of Kosovo economy and in the development of the

banking system itself to be greater. When I say advanced role of the banking system, I mean the advancement in three main directions:

1. Recently, despite the increase, we can notice that lending of the banking sector in Kosovo has shown slower growth trends. This is happening at a time when banks operating in Kosovo are well capitalized and have sufficient level of liquidity, while risks to the country's economy can be concluded that are decreasing this year given that economic growth in Kosovo is foreseen to be well higher than in the previous year. Therefore, we encourage banks operating in Kosovo to reconsider their assessments about risk in the Kosovo economy and adopt their investment strategies as much as possible to the circumstances in Kosovo's economy and thereby avoid adopting measures designed to banks operating in other countries faced with other risk profiles (this applies especially to foreign banks operating in Kosovo).

2. Despite the need for higher credit, it is necessary for the banks to take a more proactive role for increasing credit with higher investments on the least credited sectors of the Kosovo economy like for example in agriculture. In this way, the role of the banks in the economic development of the country in which they operate becomes more important, but at the same time creates conditions for expanding investment opportunities for the banks themselves. In order for this sector to increase lending activity is undoubtedly required a commitment of



the large state authorities for these sector to be able to meet at large the bank's lending criteria.

3. Despite the recent decline of loan interest rates, it is estimated that there is a need to further increase the efficiency of the banking system in order to further reduce the costs of founding. Creating the conditions for increasing the efficiency of the banking system is an important priority of the Central Bank of the Republic of Kosovo, which is committed to continuously improve the infrastructure needed to increase banking system efficiency. In this context, it is worth mentioning licensing of the new banks and their contribution to increase competition; continuous advancement of the payments system; upgrades of the credit registry ... and what is more important the commitment we are making to ensure a more efficient addressing of banking issues in the judicial system of Kosovo.

In order to address issues mentioned above, of course, despite the Central Bank and commercial banks, it is required a more comprehensive engagement of all stakeholders in the country's economy, including a wide audience attending this fair, so that we can share different views and find the best way how the banking system and the financial sector in general could continue to evolve further and thus increase the contribution of this sector to economic development.

Therefore, this fair of today, despite offering a good opportunity to get more closely

acquainted with the achievements of the financial sector, provides an extremely important option – the one of confrontation of views and ideas of experts on different segments of financial sector activity in the country.

In the end, once again I congratulate the Kosovo Banking Association for organizing this fair and I wish that such occasions where we have the opportunity to see successful events would repeat much often.



*“With market risk, you can lose a fortune; with liquidity risk you can lose a bank!”*

*Chris O’Neill, Bruce Forrest*

# Liquidity management after Basel III

To ensure that banks have sufficient liquidity to survive potential liquidity shocks, as happened few years ago, the Basel Committee has issued two new globally revised minimum standards under the Basel III rules for the first time in the banking history: LCR – Liquidity Coverage Ratio and NSFR – Net Stable Funding Ratio.

This year, while the banks in Kosovo were concerned with the implementation of new local banking rules, the international banks received the unexpected gift from the international regulators – the global minimal standards on liquidity management.

In the aftermath of the 2008 crisis and a few banks’ collapse, the 27 member regulatory body based in Switzerland – Basel Committee sought ways to strengthen the control over banks’ capital and liquidity.



To ensure that banks have sufficient liquidity to survive potential liquidity shocks, as happened few years ago, the Basel Committee has issued two new globally revised minimum standards under the Basel III rules for the first time in the banking history: LCR – Liquidity Coverage Ratio and NSFR – Net Stable Funding Ratio.

Basel III rules (initially issued in 2010) present a reform package following some early drafted rules that contain new requirements for bank capital, as well as standardized rules in the liquidity area.

**Liquidity** is the bank’s ability to pay its current obligations. Liquidity risk is the risk that the bank will not be able to cover the current obligations or to finance the growth of its investments. To manage this, the bank needs to hold a portion of its unencumbered assets in highly liquid form.

Usually the banks are concerned about their liquidity in two situations:

1. Normal business circumstances, and
2. Extraordinary circumstances (stressful situations)

In normal business circumstances, banks have developed successful methods of managing liquidity, however the last financial crisis indicated that the banks were caught unprepared to face the deficit of liquid assets in extraordinary situations.

## LCR – Liquidity Coverage Ratio<sup>1</sup>

LCR intends to ensure that banks have sufficient high-quality unencumbered liquid assets to absorb the risks of different stress scenarios that can last up to a month, i.e. cover all net cash outflows in an extraordinary situation.

In the broader sense, the LCR standard aims to increase the flexibility of banks' short-term liquidity risk profiles, in order for the banks to self-substantiate their sufficient high quality liquidity assets to face liquidity shock that last up to one month.

The LCR has two components:

- (a) Value of stock of high-quality liquid assets in stressed conditions;
- (b) Total net cash outflows, which is expressed through the following formula:

$$\frac{\text{Stock of high-quality liquid assets}}{\text{Total Net Outflows over the next 30 calendar days}} \geq 100\%$$

**High-quality liquid assets** are considered all the assets that can quickly be converted into cash, especially in extraordinary situations. According to Basel III, assets qualifying for high – quality liquid assets are divided into two categories:

- A. Level 1 Assets and**
- B. Level 2 Assets**

Each category of liquid assets and all other reporting items are weighted with % availability and are reduced based on their weighting factor. Due to the high-quality of Level 1 assets, no reduction in availability against these assets is applied and their value is weighted with 100%.

While for the Level 2 assets, a reduction of 15% is applied in the availability of the funds of this group and the Level 2 assets are weighted with 85%.

| HQLA  | Weight Factor |
|---|---------------|
| <p>Level 1 Assets:</p> <p>Cash, Qualifying marketable securities from sovereigns, central banks, public sector entities or multilateral development banks, Qualifying central bank reserves, Domestic sovereign or central bank debt in domestic currency, Domestic sovereign debt for non-0% risk weighted sovereigns, issued in foreign currency.</p> | 100%          |
| <p>Level 2 Assets:</p> <p>Sovereign, central bank, and PSE assets qualifying for 20% risk weighting, Qualifying corporate bonds rated AA- or higher, Qualifying covered bonds rated AA- or higher</p>   | 85%           |

**Total Net Outflows over the next 30 calendar days** are calculated by multiplying the bank's outstanding liabilities balances and off-balance sheet commitments with the rates at which they are expected to run-off or draw down.

**Total net cash outflows = Total cash outflows - min [total cash inflows, 75% of gross outflows]**

Even if the bank's inflows exceed the expected outflows, the cap of 75% on total inflows is introduced to prevent banks from relying solely on anticipated inflows to meet their minimum liquidity standard but indeed build qualitative liquid asset reserves.

**Cash outflows** include qualifying deposits and term deposit agreements with a remaining maturity of 30 days. These bank liabilities are weighted with a factor varying from 5% to 100% depending on several characteristics: whether they are insured by any Deposit Insurance Scheme, whether they are stable or less stable, whether the clients are private persons or legal entities.

<sup>1</sup> Basel III: International framework for liquidity risk measurement, standards and monitoring





**Cash inflows** include all the bank receivables that are expected to be collected within a 30-day horizon, weighting the realization factor from 0% to 10%, depending on several characteristics: whether they are receivables from retail clients, legal entities, other financial institutions, etc.

**LCR** should be measured in any currency. The use of EUR as the local currency in Kosovo optimizes the bank liquidity management and enables the liquidity efficiency, since most of the bank's receivables and obligations are in EUR, and also the conversion of assets in cash and their transfer to cover the respective obligations is done fairly quickly both in the domestic interbank market and the international markets without exposing the banks to a foreign exchange risk.

### NSFR – Net Stable Funding Ratio<sup>2</sup>

Net stable funding ratio (NSFR) has a time span of one year and is developed to ensure the sustainability of the bank's long-term maturity of assets and liabilities. NSFR establishes the minimum level of stable funding amount of financing and is structured to ensure that long term assets financed from stable sources are in relation to their risk profile.

The NSFR has two components:

- (a) Available stable funding sources (ASF);
- (b) Required amount of stable funding (RSF),

**Available amount of stable funding (ASF)**

> 100%

**Required amount of stable funding (RSF)**

**Available stable funding (ASF) is defined as the total amount of a bank's:**

- (a) capital – including Tier I and Tier II as defined by the global capital standards
- (b) preferred stock (which are not included in Tier II) with maturity of equal to or greater than one year;
- (c) liabilities with effective maturities of one year or greater;
- (d) stable portion of non-maturity deposits and/or term deposits with maturities of less than one year that would be expected to stay with the institution for an extended period in an idiosyncratic stress event; and
- (e) less stable portion of wholesale funding with maturities of less than a year that are supposed to be maintained in the bank for a longer period of time in an idiosyncratic stress event.
- (f) all other liabilities categories and capital not included above

All the categories are measured with run-off weighting factors of 100%, falling to 0% depending on the fund source stability.

**Required amount of stable funding (RSF)** includes all investments with a maturity of up to one year that require stable financing sources such as: financial instruments of debt capital, loans to non-financial institutions, loans to legal entities, loans to individuals, other instruments not categorized specifically, and off balance sheet items. All the line items that require stable financing measure the financing need through weighting factors, depending on the level of need for stable funding.

For example, investments in short-term securities have 0% RSF factor, being liquid enough, do not need to rely on stable sources of funding, while loans to individuals and small business-

<sup>2</sup> Basel III: International framework for liquidity risk measurement, standards and monitoring



es with maturity up to one year have an 85 % RSF factor, since they are less liquid and require greater support from stable funding.

Basel III rules have no legal tender. Therefore, in the European Union these rules attain their applicable judicial form through REGULATION (EU) No

575/2013. The regulatory package is due to enter into force on January 1st, 2014, but some provisions will be implemented gradually between 2014 and 2019 and will fully come into force on January 1st, 2019 in their foreseen form.

| Implementation Phases <sup>3</sup> | 2015               | 2016 | 2017 | 2018                           | 2019 |
|------------------------------------|--------------------|------|------|--------------------------------|------|
| LCR                                | 60%                | 70%  | 80%  | 90%                            | 100% |
| NSFR                               | Observation period |      |      | Introduce the minimum standard |      |

The eventual implementation of Basel III rules in Kosovo related to liquidity depends on the local regulator. The current over liquid situation of banks shows that banks in Kosovo already meet the minimum global liquidity standards requirements.

It would be the priority in the future for the banking sector in Kosova, establishment by the local regulator of the simple rules enabling the banks to have access to additional liquidity and finding of the affordable instrument for the banks in case the liquidity of the banks in Kosova evaporates.

Basel III rules suggest regulators and banks not to be limited to the predicted minimum level only, however considering that some of the Basel III rules requirements are applicable to financial instruments that do not exist in Kosovo, it is crucial to find the correct balance between the local regulative and international regulations.

The tightening control over the banks liquidity aims to ensure a stable liquid base, which is a very important condition for the stability of the banking sector, respectively, for the avoidance of the negative impact on the real sector.

However, how much would the banks have to pay for the implementation of these rules and how many of their most profitable lending activities would suffer, it is expected to be seen in the next four years.

Boryana Ivanova Mustafa

Source:

Basel Committee Rules

Basel III: International framework for liquidity risk measurement, standards and monitoring



*If you owe the bank 100 dollars that is your problem. If you owe the bank 100 million dollars, that is the bank's problem*

*(J.Getty)*

# The current situation of interest rates in Kosovo

First part

Since the post-war period to these days, the high interest rates on loans remain one of the most discussed issues in Kosovo, not only by the borrowers, but also by economic analysts in general. According to the World Bank (2012), the highest average interest rate on loans in the region is in Serbia with 17.4%, followed by Kosovo with 12.9%, Albania with 10.9%, Montenegro with 9.6%, Macedonia with 8.5%, and Bosnia and Herzegovina with 6.9%. If we consider the real interest rate (adjusted for inflation), Kosovo leads with the highest interest rates, this time moving to the first place from the second one. Nevertheless, through this article I will try to discuss the counter arguments of the usual critics by explaining the reasons of our situation and that we should not point our finger and blame the banks, but, to the Government of Kosovo that continues to offer a fragile economic, legal, and social environment. Furthermore, in the second part of the article in the next published edition of the magazine, I will argue about the low gap the banks have to decline their interest rates on loans.

**High return on capital** – A lot of analysts are right when they argue that the return on capital from the banks in Kosovo is the highest in the region (though declining). However, the critical argument should not begin and end here. The basic economic rules explain that lower risk investments are associated with lower investment returns or losses; whereas, higher risk investments are often associated with higher potential returns or higher investment losses. In this context, higher return on capital should not be considered as an absurdity, but rather a basic economic principle. This is because; according to the World Bank report "Ease on doing business" (2012), Kosovo was ranked on the 157th place in the World, out of a total of 183 countries with respect to contract enforcement, enlisted below Gabon, Ethiopia, and even Iraq which is in



a state of conflict; while neighboring countries such as Albania and Macedonia are ranked in the 85th and 60th place, respectively. According to UNDP (2013), the courts are perceived as being among the most corrupted institutions in Kosovo. This means that in Kosovo it is far more difficult to execute litigation cases of bad (non-performing) loans in courts than it is in other countries; thereby, increasing the risk in the country and as a consequence increasing the level of requested return on equity.

**Non-performing loans (NPL)** – Many critics are right when they argue that the NPL in Kosovo is among the lowest in the region; where according to the World Bank and Local Central Banks in 2012, Kosovo marks 6.4%, followed by Macedonia with 9.7%, Bosnia 12.6%, Montenegro 17.16%, Serbia 19.5%, and Albania 21.1%. Nevertheless, the argument that this factor should serve as an instrument to lower the interest rates is wrong because the judiciary is very weak in Kosovo. With the present judiciary system, Kosovo is not in a more favorable position with the lowest level of NPL, since it is better to have a higher NPL which can be executed by courts, rather than a lower NPL but with almost no hope of liquidation. This is confirmed by the Central Bank of Kosovo (2012), which

In economics, the term “economies of scale” is used to explain that with an increase in production, the average cost per unit decreases and as a result, creates the opportunity to decline the selling price. The greater the market is, the greater the chance to decrease the average cost per unit. This is where Kosovo suffers the most, since the market is much smaller than any other country in the region, with a total loan outstanding portfolio of EUR 1.77 billion in the market.

states that almost 60% of NPLs in Kosovo are considered to be lost, three times more than in Albania, where only 19.9% of NPLs are considered as lost.

**High SPREAD** – Critics rightly argue that the SPREAD in Kosovo (known as the bank’s gross profit, or specifically, the difference between the interest rates on deposits and the interest rates on loans) is the highest in the region. According to the World Bank (2012), Kosovo leads with 9.1%, followed by Serbia with 6.8%, Montenegro with 6.3%, Albania with 5.5%, and so on. However, the argument that this factor should serve as an instrument for reducing the interest rate is wrong, since it ignores a very important factor: the market size and the role of the economies of scale. In economics, the term “economies of scale” is used to explain that with an increase in production, the average cost per unit decreases and as a result, creates the opportunity to decline the selling price.

The greater the market is, the greater the chance to decrease the average cost per unit. This is where Kosovo suffers the most, since the market is much smaller than any other country in the region, with a total loan outstanding portfolio of EUR 1.77 billion in the market; while in Macedonia and Albania is twice as bigger, with EUR 3.46 billion and 3.9 billion respectively, and in Serbia 10 times as much, with EUR 17.5 billion (respective Central Banks, 2012). As a result, bigger markets can operate with a lower SPREAD and at the same time make a higher profit than Kosovo, where the SPREAD is higher since the market is smaller.

**Low competition and higher demand than supply** – Even though there are 8 different banks operating in Kosovo, according to the CBK (2012) only three of these banks manage 72% of the total assets of the banking system; hence creating

an oligopolistic market in the country. However, we need to understand that neither the oligopoly nor the monopoly is illegal; but, the misuse of the oligopolistic or monopolistic position is illegal. Moreover, the basic economic rules explain that when demand exceeds supply, the prices increase, and vice versa.

**Poor quality of financial reporting of borrowers** and unprofessional managing structures- According to the American Chamber of Commerce in Kosovo and the consulting firm “Baker Tilly” (2012), out of thousands of entities registered in Kosovo, only 150 of them have submitted their audited financial statements. In addition, according to the report “Access to Finance 2012” from the European Union, a considerable part of the managing structures of the companies in Kosovo is composed of owners or their family members rather than competent managing professionals.

In conclusion, the purpose of the article was to explain why interest rates are in this level, and not to deny the high rates. On the contrary, the actual interest rates are barely affordable to the majority of individuals and businesses in Kosovo.

While, in the article of the next edition I will argue exactly how small the gap of the banks is to reduce the loan interest rates in the current situation and what is the minimum percentage of interest rates where banks would operate without a profit, I want to emphasize that the criticism should not be pointed to the banks, which are mainly foreign investments in Kosovo, but to the Government of Kosovo for not improving the difficult economic, legal, and social situation in Kosovo.



| No | Critic's arguments | Arguments against   |
|----|--------------------|---|
| 1  | High SPREAD        | Low economy of scale (small market)   |
| 2  | Low NPL's          | Weak judiciary and high corruption. Better to have higher NLP but there would   |
| 3  | High returns       | High risk (shareholders seeking higher returns when the equity risk is higher)  |
| 4  |                    | Low quality of reporting  |
| 5  |                    | High fiscal evasion   |
| 6  |                    | Challenging economic situation (GDP and GDP per capita lowest in the region, unemployment and trade deficit is highest in the region) |
| 7  |                    | High demand, supply not at its full potential because of its high risk  |
| 8  |                    | Unprofessional managerial structures (familiarity)  |
| 9  |                    | Low competition (market oligopoly, only 3 banks have 72% of the market)   |

|             | Real interest | Interest rate on loans | Interest rate in deposits | SPREAD    | NPL       | Return on equity | Amount of loans disbursed In market (in billion Euros) |
|-------------|---------------|------------------------|---------------------------|-----------|-----------|------------------|--|
| Kosovo      | 11.7%         | 12.9%                  | 3.7%                      | 9.1%      | 6.4%      | 12.9%            | 1.77   |
| Macedonia   | 8.0%          | 8.5%                   | 5.1%                      | 3.4%      | 9.7%      | 3.3%             | 3.46   |
| Albania     | 7.7%          | 10.9%                  | 5.4%                      | 5.5%      | 21.1%     | 11.4%            | 3.9  |
| Montenegro  | 7.1%          | 9.6%                   | 3.3%                      | 6.3%      | 17.6%     | -3.0%            | 1.86   |
| Serbia      | 11.2%         | 17.4%                  | 10.6%                     | 6.8%      | 19.5%     | 4.9%             | 17.5   |
| Bosnia      | 5.0%          | 6.9%                   | 2.9%                      | 3.9%      | 12.6%     | 7.7%             | 8.15   |
| Source/Year | WB (2012)     | WB (2012)              | WB (2012)                 | WB (2012) | WB (2012) | WB (2012)        | Local central banks (2012)                             |

**Note:** "WB" stands for World Bank. Highlighted values have been obtained from local central banks, due to lack of data from WB for that year. The real interest rate is the interest rate adjusted for inflation on the loans.

**The second part of the article will be published in the next issue of the magazine**

# Consumer Protection of the Financial Sector is a Priority of the Central Bank of Kosovo

This year, the CBK has launched its Consumer Protection Strategy that will focus on helping users of financial services make informed decisions and protect their rights. The strategy was developed after an in-depth diagnostic review of consumer protection practices in the financial sector of Kosovo.

The financial services sector touches the life of each and every citizen of Kosovo. It enables economic growth, job creation, the building of vital infrastructure and sustainable development for Kosovo and its people. Therefore, the Central Bank of the Republic of Kosovo (CBK) in cooperation with relevant institutions is highly committed in building a financial market that treats consumers fairly, encourages financial inclusion and assists people in effective use of financial services. Building a safe and a fair financial market is a long-term work that requires an ongoing commitment of financial institutions as well as their supervisors and other government agencies. *ciare dhe të agjencive të tjera qeveritare.*

The Law on Consumer Protection regulates the protection of fundamental rights of consumers upon purchasing goods and services, as well as on other forms of receiving goods and services in the market. Providers of goods and services are responsible to place safe goods and services in the market. Safe goods and services are considered such goods and services which meet:

- Domestic standards,
- European standards defined by International Covenants,

## SHKËNDIJE HIMAJ

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AND TA

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- Legitimate consumer requirements related to safety.

The Law itself is not sufficient to ensure that rights are being protected properly. It is imperative that consumers act upon their rights and obligations on the execution of the law. The action of the consumers can only be effective if they fully equip and understand the information needed to exercise their rights. Therefore financial education is very critical for a decision to be made on informed basis.

Financial products and services are rather complex by their virtue, therefore developing safe and fair environment for the provision of financial services is one of the key strategic goals of the Central Bank of the Republic of Kosovo. This year, the CBK has launched its Consumer Protection Strategy that will focus on helping users of financial services make informed decisions and protect their rights. The strategy was developed after an in-depth diagnostic review of consumer protection practices in Kosovo's financial sector. The review was conducted with the support of the World Bank experts. The diagnostic review of consumer protection and financial literacy in Kosovo is a part of the World Bank's diagnos-



tic series conducted in over 20 countries in Europe and elsewhere.

Soon after the strategy was developed, the CBK engaged into a Memorandum of Understanding with the Ministry of Trade and Industry for the purpose of cooperation on information sharing and effective handling of complaints related to the financial institutions. To further strengthen the effectiveness of the cooperation, CBK has appointed an officer in the capacity of the observer at the Consumer Protection Council.

Moreover, the strategy developed by the CBK complements the Consumer Protection Program of Kosovo in particular for the consumers of the financial institutions. The CBK strategy on Consumer Protection is developed in such a way that lists objectives and actions that range from those that can be implemented within several months to those that will be implemented over many years.

In the short term, the CBK will focus on three areas. It has started with an improved understanding of how financial institutions treat clients by analyzing the data about the financial sector and focusing on institutions that pose the highest risk to consumers. It is actively supervising the behavior of the financial institutions and ensuring that consumers as well as financial institutions act fairly and are not damaged by those who try to take advantage of unfair consumer treatment.

Lastly, the Central Bank of Kosovo is working closely with the financial institutions and relevant consumer protection institutions to support the ability of consumers to protect them by ensuring financial institutions develop effective complaints handling processes and monitor what are the main reasons for complaints.

The information collected by market monitoring, supervisory action and complaints analysis will then be used to improve the disclosure of information to clients as well as their ability to use that information for decision making when choosing financial products.

Financial institutions interested in fair competition may agree on developing self-regulation rules that will guide their relations with retail clients and the regulatory framework may be strengthened to provide the Central Bank of Kosovo with effective supervision to enforce the fair treatment of consumers. Kosovo would also benefit from a long-term financial education strategy that would ensure that people understand basic financial concepts such as the need for budgeting, benefits of saving and rules for responsible borrowing.

Again, consumer protection will be effective only if the consumers actively protect their rights. It is important that consumers actively seek information to compare the terms and conditions of financial products – and even more important that they raise their voice if they encounter a problem.

By all means, it is important for financial institutions to be aware of the problems that their clients face so that they can offer a solution for them, but if they do not, the CBK will take this into account when monitoring these financial institutions.

Finally, the above mentioned actions undertaken this far by the CBK are only the first steps of advancing the regime of consumer protection towards a more effective direction and the CBK will continue to be committed in ensuring that users of financial services are treated fairly and equipped to protect their rights.

# Leasing, as a financial alternative

Principally, all the assets, without exception, could be the subject of leasing. Since, leasing is not as risky as borrowing, it can very often be considered as a less expensive form of financing compared to bank loans.

Leasing is a specific form of financing. As such, it has a special meaning and is being implemented frequently in the public sector, the private sector, and the civil society. Similarly, organizations and institutions from these three sectors in Kosovo have started to use leasing as their preferred method of borrowing.

The Law no.03/L-103, defines Leasing in Kosovo as a financial affair in which the lessor signs a written agreement with the lessee and gives the lessee the right of using an asset that will become the leasing object for a set period of time, in exchange for the periodic installment payments by the lessee, with or without the option of purchasing the asset. In other words, leasing represents a form of borrowing an asset (equipment, property, machinery, working tools, etc.) for which the lessee pays a type of rent; whereas, the lessor remains the legal owner of the asset until the end of the contract, after which it is decided whether the asset will remain a property of the lessor or it will be transferred to the lessee.

There are two types of leasing: financial leasing and the operational one. In the first type, the lessor transfers the investment risk to the lessee; but, keeps the lending risk to himself. In the second type, the operational leasing, the duration of the contract is not necessarily fixed; the lessor as the owner of the asset has the right to activate the depreciation of the asset in his



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accounting journals and is obligated to take responsibility for the repair and maintenance of the asset.

Principally, all the assets, without exception, could be the subject of leasing. Since, leasing is not as risky as borrowing, it can very often be considered as a less expensive form of financing compared to bank loans. As a powerful alternative against purchasing the equipment, leasing is now used in the European Union in more than 25% of all the transactions involving equipment and assets. Hence, leasing is a financial source and the decision of whether "to purchase or to lease" has become an integral part of modern financial analysis. One of the advantages of leasing is that the payments can be set for different periods of time and can be tailored to meet the specific needs of the lessee. Very often, this fact can impact positively the liquidity of the lessor and the feasibility of the project. By the end of the leasing contract, the asset is returned to the lessor; however, in long term contracts, often, the contract is extended for an additional period. This means that the lessor can continue to use the asset further for a reduced cost.





### Reasons for leasing

Among the most important reasons why organizations and businesses decide on leasing are:

- An enterprise does not have substantial funding to purchase an asset or does not have alternative sources of financing. In some cases, companies prefer to use available funds in order to result more profitable. For example, the acquisition of airplanes, by companies in the civil aviation industry, is a much more expensive alternative than leasing them, just like the purchasing of production equipment by small – medium enterprises. Consequently, leasing is a financial source and a way to enable immediate usage of the asset as soon as the contract is signed and the first installment is paid.
- In some cases leasing can be additionally beneficial in the aspect of taxes. For example, a lessor that is the owner of the property given for leasing can include the depreciation of this asset in his accounting journals and deduct the depreciation from the tax on profit.
- There are cases, in which companies are not interested in becoming the owners of the property, because its value is depreciated quickly due to technological advancements. A typical example would be computers, whose value is depreciated very soon, because there is an ongoing trend of new models emerging in the market. Leasing contracts allow the lessor to replace the existing equipment at a relatively low cost and so are up to date with the latest technological developments.
- In several places in the world, the contracted equipment under operational leasing is not capitalized and does not appear in the lessee's books. As a consequence, the lessee can indicate a higher return on the capital employed (Return of Capital Employed – ROCE) and a higher asset utilization ratio (Asset Utilization Ratio - AUR)

- Në shumë vende të botës, pajisjet e kontraktuara nën lizingun operacional nuk kapitalizohen, pra nuk figurojnë në librat e lizingmarrësit. Si rrjedhojë, lizingmarrësi mund të dëshmojë një kthim më të lartë të kapitalit të aplikuar (Return on Capital Employed - ROCE) dhe një normë më të lartë të përdorimit të asetit (Asset Utilisation Ratio - AUR).

The first leasing products in Kosovo have been offered by Raiffeisen Bank in 2009, through Raiffeisen Leasing. The leasing offered by this institution and several other institutions, licensed by the Central Bank of Kosovo, are of the financial nature and are offered mainly for automobiles, equipment, machinery, and real estate.

As such, leasing is an important source of access to finance for small and medium enterprises, which are the backbone of Kosovo's economy. This is even more applicable considering the fact that only a quarter of existing SMEs have access to bank financing, according to the World Bank data (2009). The inability of this important part of the economy to obtain sufficient capital from the traditional market through bank loans impedes both the process of economic consolidation of the country and efforts to reduce the unemployment and poverty. The situation is even more difficult due to the financial crunch that has gripped the world as a result of the economic and financial crisis and the fragile economic recovery. Therefore, the introduction of leasing as an alternative in the financial market of Kosovo is a positive development and, as such, should be applied more in practice.

*(The author is the Head of the Economic Initiative for Kosovo (ECIKS) in Vienna – [www.eciks.org](http://www.eciks.org))*

# The Future of today's Electronic Banking

Banking services are advanced and banks in Kosovo are focusing on being innovative and adopting new technologies or electronic banking equipment. For the benefit of our clients the latter is being implemented more, since we have not inherited anything from old technologies and the bases are in the building process starting from the most actual ones in the global market.

Banks specialized and focused on developing services with the objective of facilitating client's work through banks have taken the appropriate steps a long time ago.

Technology has eased life in most aspects, for some with greater impact and for some in anticipation. It all depends on our ability to accept change and adopt primarily with the possibilities offered to us vigorously on a day to day basis. Kosovo as a new state dominated by generation Y and X, the so-called information technology generation, besides the developed countries has made progress in all aspects in the use of new technologies.

Approximately 60% of Kosovo's territory has Internet coverage, which in fact is similar to the coverage in developed countries and has market penetration of mobile telephony reaching 93%. This creates space for banks to place services in alternative new channels that are more efficient and ease customer's work with the bank.

Banking services are advanced and banks in Kosovo are focusing on being innovative and



adopting new technologies or electronic banking equipment. For the benefit of our clients the latter is being implemented more, since we have not inherited anything from old technologies and the bases are in the building process starting from the most actual ones in the global market.

ProCredit Bank Kosovo holds the label of being one of the most innovative banks with a focus on the development and adoption of new technologies; since they were the first to issue bank cards since 2001, place the first ATMs in Kosovo in 2002, followed by other electronic services almost every year until today. This way, by building the standards upon which the general applied electronic services are established in the banking sector in Kosovo.

The future will be based on providing banking services through new technologies. What remains challenging is for the market in Kosovo to accept and use them for the mutual benefit of the customer and the bank.

Numerous analysis of countries with development comparable to Kosovo show that an extensive focus will be directed towards pro-

viding services for the development of more flexible channels, such as electronic banking and banking through smartphones.

Moreover, banks in Kosovo have started providing spaces that are open for self-service 24/7, thus making its use very convenient by customers when they need them.

Card transactions have recorded satisfactory growth; although in this respect banks still have work to do in advising clients not to carry cash with them. Infrastructure is in place, there is wide coverage and security is provided for card transaction processing based on standards and MasterCard and VISA International terms, the two most popular international payment schemes.

E-Banking service platforms already provide more than basic services to ensure clients completion of various services, including the traditional ones from home or office.

General financial management is made easier for businesses because they have information on their accounts 24/7 and can perform transfers without having to visit the bank. Moreover, recent innovations launched on this platform enable them to pay the monthly bills, pay taxes and make pension contribution payments for their employees faster and more efficient. Also, payments on behalf of the customs can be realized and paid within minutes by confirming payments made at the responsible people in customs.

ATM cash deposit service is now available to individuals and businesses, which saves time and offers flexibility to perform these services independently from the branch working hours.

Since 2008, ProCredit Bank has introduced its self-service corner 24/7, where clients can withdraw cash, deposit, and also access e-banking to perform these transactions, all in a safe and comfortable space. This concept is in line with global trends, which have already been practiced in the most successful banks in the world.

Banks in Kosovo have also developed services for smartphone users and sophisticated applications for banking in motion.

SMS services are also developed to provide automatic SMS confirmations for card transactions and accounts, as well as combined services of telecom companies in Kosovo.

Based on a report of the Central Bank of Kosovo, along with neighboring countries, Kosovo has a more than satisfactory coverage of ATMs per capita.

POS terminals for payments with cards offer the opportunity to make purchases of various goods and services.

Branches will remain in focus for a distant future, but their function will differ much from the one we see now, by specializing in providing financial consulting and providing services that are more complex. In the meantime, the development of alternative channels will have a key role in the further development of services for clients in the banking sector or in other sectors.

Customer's needs and preferences will increasingly require the integration of electronic banking channels and, thus, deciding the way and time where customers want to benefit from the service.

Finally what remains challenging is the further growth of electronic banking services use and related services in order to diminish the reluctance from new technology, as well as customer's practical observance of the benefits.

Currently, in larger banks the service received in the branch dominates and is preferred by the customers; whereas, other distribution channels, as mentioned above, are less applicable.

Based on market willingness to accept alternative channels for the use of banking services, it seems that this trend will soon change but, above all are the investments and new technology adoption by the banks along with the global trends in this industry.



# Training and career development opportunities in the banking sector

ProCredit Bank is widely recognized as a highly stable employer in Kosovo, offering its staff both excellent career prospects and competitive remuneration for their work. Our employees are our greatest asset, and we firmly believe in building and maintaining long-term employment relationships with them.

Continued opportunities for staff development and training are vital to any institution that aims to develop sustainably. Enhancement of such opportunities for staff to develop skills and abilities for full performance within the position and for career advancement within an institution is key to their ability to deliver and to continue to feel motivated. Training programs for all levels of employees should include educational opportunities designed to assure that each employee gains, develops, maintains and improves knowledge and skills necessary for satisfactory performance of assigned job responsibilities. Often, performance of employees is closely linked to the induction at start and continued training received. Generally, institutions provide training only to new employees and periodic training to staff moving from one function to another while they underestimate the regular refreshment trainings for the rest of the staff. This proves not to be the right approach. Continued training helps staff to adjust to the changing job requirements and enhance their skills to perform at their best and realize their full potential. It also creates a group of qualified staff who are ready to take over new areas of



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PROCREDIT BANK

responsibilities were and when the institution needs them. Additionally, continued training and development of employees is essential to develop more efficient, motivated and positive working atmosphere. Training programs should ensure that skills, knowledge and efficiency of all employees are on adequate level at all times.

ProCredit Bank is widely recognized as a highly stable employer in Kosovo, offering its staff both excellent career prospects and competitive remuneration for their work. Our employees are our greatest asset, and we firmly believe in building and maintaining long-term employment relationships with them. In line with this policy, we invest significant resources in training, ensuring that our team has the necessary skills and motivation to provide excellent customer service.

For more than 13 years of operating in Kosovo, ProCredit Bank's approach towards providing qualitative banking services to very small, small and medium-sized enterprises as well as private clients has resulted in us being known as a professional, stable and reliable partner.

In order to carry out our mission and realize our vision of a responsible bank, our employees are of the utmost importance. Every member of our team represents ProCredit Bank and plays an important role in providing quality service and appropriate responses to our customers' needs. Not only it is necessary for our employees to be knowledgeable and capable in certain areas in order to achieve our mission and goals, but, it is vital that they put the bank's values and business philosophy into practice every day.

We at ProCredit Bank strongly believe that ethical banking can only be successful if we have employees who identify with our values and goals, and actively pursue them. Therefore we set high standards for staff selection and training.

To ensure that this is maintained, we have developed an elaborated HR policy based on a variety of key elements. These include a carefully tailored selection process and an extensive programme of staff training and professional development opportunities. We expect our employees to feel personally responsible for ensuring the quality of their work, and to meet challenges with the assertiveness needed to get difficult jobs done right. By the same token, we recognize the obligation on our part to enable our people to acquire the skills and knowledge they need in order to meet our expectations. Thus, starting from the first day of employment, we support our employees by providing intensive training to promote their professional development within the Bank.

Our training consists of both basic and advanced programmes for newly recruited staff, experienced employees, and middle and senior management staff.

In our institutional culture, joining the ProCredit team is just the beginning of a process of continued and constant learning and development. Every ProCredit employee has the opportunity to develop professionally and to build a successful career within the ProCredit group. We are proud to be an organisation that cultivates its staff and fills managerial positions by promoting internally. ProCredit Bank's policy is to support the professional development of its employees, providing them with opportunities for horizontal and vertical development within the company.

#### **The four pillars of training at ProCredit Bank:**

- We create the conditions where our employees can make the most of their potential and achieve good results. For the development of analytical and logical thinking and understanding of the banking business we introduced courses in basic mathematics, financial mathematics and accounting for all employees. In addition seminars and workshops are also organized at the group level which allow staff from diverse cultural backgrounds, but who share the same values, to discuss and share experiences.

- Based primarily on the requirements created by the various job profiles within our bank, we have developed advanced trainings which are designed to update and deepen employees' specialized knowledge of their areas of activity and also to enhance their analytical and interpersonal skills.

- Since English is the second working language at our bank and the language of instruction at the ProCredit Academies in Eastern Europe



and Germany, we offer English courses to our employees at various proficiency levels.

- The group's Academies in Eastern Europe and Germany provide professional development programmes for our bank's middle and senior management personnel which involve participation in courses over periods ranging from one to three years.

- Exchange of experience by means of visits to the worldwide ProCredit network of sister banks.

The ProCredit group invests extensively in the training and development of staff in order to create an open and efficient working atmosphere, and to provide friendly and competent service for customers.

### **The ProCredit Young Bankers Programme**

Another initiative initiated at the ProCredit group including ProCredit Bank Kosovo is the launch of the Young Bankers Programme. The Young Bankers Programme is a comprehensive development training opportunity for qualified professionals and recent graduates from universities or other higher education institutions.

The Young Bankers Programme is the point of entry into ProCredit Bank.

Participants are given the opportunity to learn about the fundamentals of banking, social responsibility and financial education, as well as a clear understanding of the role played by financial intermediation and its effect on a country's economy.

During the six month period, participants take dynamic and interactive courses characterised by open discussions, project and group works, followed by practical exercises during which the concepts learned in the classroom can be applied. The nature of the programme involves giving the participants the unique experience of staying together with their classmates away from the city for certain periods of time.

The Young Bankers Programme lasts for six months with a new group of 30 participants starting at quarterly intervals. The training is organised centrally and takes place at our Training Centre in Prishtina. Some of the modules are held for a period of two weeks outside Prishtina. The candidates selected by ProCredit Bank to participate in the programme will receive a stipend during the six-month period. The amount of the stipend can be adapted for people with work experience.

For those participants who successfully complete the programme, there is a strong possibility that they will be offered an employment opportunity with ProCredit Bank Kosovo. However, there are no legal obligations for either the bank or the candidate to enter into such a relationship.

Thanks to all of this thoughtful approach to human resources, ProCredit Bank continues to successfully fulfil its role as a reliable, responsible bank. Also, it stands by its policy of promoting savings and building long-term relationships with its business customers, with a focus on people who value quality service, transparency, trust and confidence.





# Stimulating private sector growth in Kosovo

Several studies indicate that access to finance in Kosovo is one of the three biggest binding constraints for the growth of private investment in Kosovo. Data suggests that credit to the private sector in Kosovo is low compared to other countries.

The Republic of Kosovo and its institutions are doing their utmost towards building a functional democratic society, achieving social prosperity and establishing the foundations of a modern market-led economy in Kosovo. Today, even skeptics would agree that Kosovo is on the right path to improve its free market system that enhances a small open economy and makes Kosovo an integrated recognized partner in the region. However, the development challenges are numerous.

The Kosovo institutions are aware that the task now is to move from simple sustainability to the real task of generating economic development. The Kosovo Economic Development Plan 2011-2014, approved by Kosovo's government back in 2011 and fully supported by the international community, illustrates the commitment of Kosovo's institutions in achieving prosperity and implementing needed reforms which will ensure sustainable economic growth. The plan underlines key sectoral reforms and lays out an economic development planning framework in achieving economic growth and development for the people of Kosovo. The plan, despite being ambitious and contingent on outside factors, provides a platform for Kosovo in moving away from and/or manage a dependency on external and uncontrollable financial inflows, reducing the reliance on the public sector as an engine for economic activity, and stimulating the pri-



vate sector and continuing the process of real growth and job creation as donor support and hence decline imports.

As the Ministry of Trade and Industry and as a government in general, we have put a lot of efforts in the last three years, in creating a business environment in Kosovo which is pro business growth while at the same time focusing on activities such as investment and the promotion of export, identifying and facilitating business clusters, strengthening the value chain in product and service markets, and encouraging local production and import substitution.

We have worked tirelessly with numerous stakeholders to improve the business and investment environment, support the private sector, and increase investments as the only fundamental basis for sustainable economic growth and development. Efforts to improve the business climate have been reflected in an improvement in the World Bank's Doing Business Report 2014 released just recently. We have had significant improvement in the overall ranking and within specific indicators. Kosovo has moved to the 86th place in the world and in the last two years, it has moved 40 places in total in the ranking (from 126th to 86th place). Kosovo has been recognized this year as the number 5 reformer

in the world especially on indicators such as opening a business, construction reforms and property registration. Proudly enough, Kosovo this year has left behind the regional countries such as Croatia, Albania, Serbia, and Bosnia in the doing business report.

Several studies indicate that access to finance in Kosovo is one of the three biggest binding constraints for the growth of private investment in Kosovo. Data suggests that credit to the private sector in Kosovo is low compared to other countries. The cost and access to finance is judged to be the most highly binding constraint to private investment and production in Kosovo mostly due to the low efficiency of financial intermediation and low volume of intermediation. Existing firms find it difficult to obtain financing since they face costs that are higher than in the region, and frequently finance expansion only with their own capital, without any borrowing at all. Interest rate spread is the highest in the region.

The major problem seems to be the inability to enforce decisions even after the lengthy court process has been concluded. Very few collateral assets can be recovered after a default. The root cause to the high cost of finance is the severe inefficiency of the court system in resolving and enforcing cases including property and commercial disputes.

In order to address this issue, The Law on Enforcement (execution) Procedure has been passed by the Kosovo Assembly in December 2012, which envisages the establishment of private bailiffs (beginning January 1, 2013), who can be expected to reduce the huge backlog in the court system, and especially with respect to civil, economic, and financial cases. This would reduce enforcement risks and, potentially, cause banks to lower the high interest rates they currently charge in Kosovo.

In addition, in cooperation with several donors, including the Austrian Development Agency, the government of Kosovo will kick off soon with the implementation of the Partial Risk Guarantee Scheme which will enable small and medium enterprises, which are the building blocks of any economy, to have better access to finance and be able to get loans with much more favorable conditions.

With the aim to stimulate and encourage investments in Kosovo by providing the investors with suitable infrastructure for the development of business activities, attracting private investments in production activities, creating job opportunities, speeding up regional development and enhance economic connections of Kosovo market with the international one, and ultimately assisting the overall economic development in Kosovo, specifically of the private sector in Kosovo, we have passed a law on Economic Zones. We are in the process of taking several steps foreseen by the Law prior to the establishment of economic zones. We have just approved the national plan for the development of economic zones in Kosovo which foresees the creation of two free economic zones in Kosovo: one in Gjakova and one in Mitrovica.

All these measures aim to provide the right infrastructure for the enhancement of domestic production in Kosovo.

Despite the success that we have achieved, there is still an agreement that Kosovo has to continue with reforms that stimulate the private sector, hence, generate output and taxes that will compensate for any accompanying fall in revenues from the customs, especially now that we have entered the SAA negotiations with the EU.

We are committed to continue working on the implementation of reforms which stimulate production and hence reduce the persistent trade imbalance, increase foreign direct investment and eventually reduce the unemployment rate. The ultimate task for our government is to work together with the business community to open up the market, create flexible labor regulations, increase efficiency and competitiveness in order to attract investments.

I must emphasize the fact that in order to achieve results with the economic reforms, we have to ensure that all institutions starting from the Assembly, the government, municipalities, business chambers as well as NGOs understand the importance and the benefits of structural economic reforms.

We are on the right path but the road towards sustainable economic growth is long!

In pursuit of the right pace for Kosovo's integration into the European Union

# For a sequenced European integration

Benefits from membership to the European Union do not depend from the speed of getting the formal membership into the community, but from the situation inside the country at the time it joins this political, economic and legal system

In public discourse, when references are made to Kosovo as a non-member of the European Union and as a country with a developing economy, the negative sides of this statement are mentioned exclusively. Although the negative aspects of this situation must not be underestimated, it is surprising that almost no one among participants of public life in the country does not highlight the opportunities that this situation offers in terms of accelerated economic development - opportunities that Kosovo may use as competitive values vis-à-vis countries that are ahead of Kosovo in the European integration process.

The superficial approach of Kosovo's policy-makers towards the European Union integration process becomes obvious by the fact that their efforts since 1999 towards this goal are limited to the easiest and most irrelevant part of the integration process - in literal translation and copying of European Union laws. Subsequently, Kosovo today has a considerable number of highly sophisticated laws, copied from the European Union, which, for the bad luck of country's citizens and businesses, not only have not made their lives easier, but produce counter-effects that exacerbate the country's problems.

The European Union legislative body, better known as *acquis communautaire*, represents a legal body that regulates in a very detailed way many fields of life and economic activities. Due to this, *acquis communautaire*, based

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on its nature, represents a highly intrusive legal body for the economy. Furthermore, adequate implementation of this legislation in practice requires substantial funding. In fact, highly detailed legal regulation of economic activities, as is envisioned by *acquis communautaire*, works only when law implementation is accompanied with substantial funding, and when these laws are put into practice by competent and honourable officials. This implies that if a sophisticated and costly legal body, such as *acquis communautaire*, is implemented early and in an environment that lacks minimum capacity for implementation of such sophisticated laws, then citizens and businesses, as the supposed beneficiaries of these laws, will only face counter-effects that the legislation produces. Such an irresponsible approach of policy-makers towards European Union integration contains the risk of antagonism of Kosovo society towards the European Union idea, since in the eyes of citizens and businesses in the country, this system poses highly intrusive legal burdens, which in the hands of incompetent officials are transformed into restrictions with no benefits.

Despite the fact that there is a broad consensus in our society regarding Kosovo's integration into the European Union, the leaders of the country seem to have not properly understood the po-



litical goal of the membership and how this political, economic and legal system may be used to ensure an accelerated economic development and social wellbeing for Kosovo. Currently, the European Union is presented in the public discourse as a goal in and of itself and the society is misled to believe that with achievement of formal membership most of the country's problems will be resolved. In the economic aspect, a cursory look of the history of development of large companies in Europe shows that the majority of companies that have benefited the most from the European Union were established and had strengthened their base prior to entry into the legal environment governed by the *acquis communautaire*. In other words, these companies were established in a less regulated legal environment and were able to benefit from the fact that countries in which they operated had less legal limitations and burdens. By creating a competitive edge in such environments, these companies have flourished in the European Union, which offered them expansion of markets, free movement of people, goods and capital and legal security outside their home country.

Benefits that a country draws during the integration process and from membership to the European Union mainly depend on how and at what pace it has applied legal burdens and limitations dictated by the European Union and were these burdens and limitations balanced with benefits provided by integration into the European Union. Adequate pace, sequenced in this case, ensures not only meeting the objective of formal membership, but it guarantees that the membership will address and resolve problems of the society, and that after membership, a country will be able to benefit from advantages offered by the European Union. Simply put, gains from the membership into the European Union do not depend from the speed of getting the formal membership into the community, but from the situation in which the country finds itself at the moment when it joins this political, economic and legal system.

The question that emerges is how could this sequenced integration into the European Union look like? Kosovo, same as all European Union member states, must take advantage of the fact that it is not part of the European Union, by providing local entrepreneurs with an environment for accelerated development with as little intrusion and legal burdens and limitations as possible. Furthermore, by identifying local competitive capacities in economy, Kosovo should consider op-

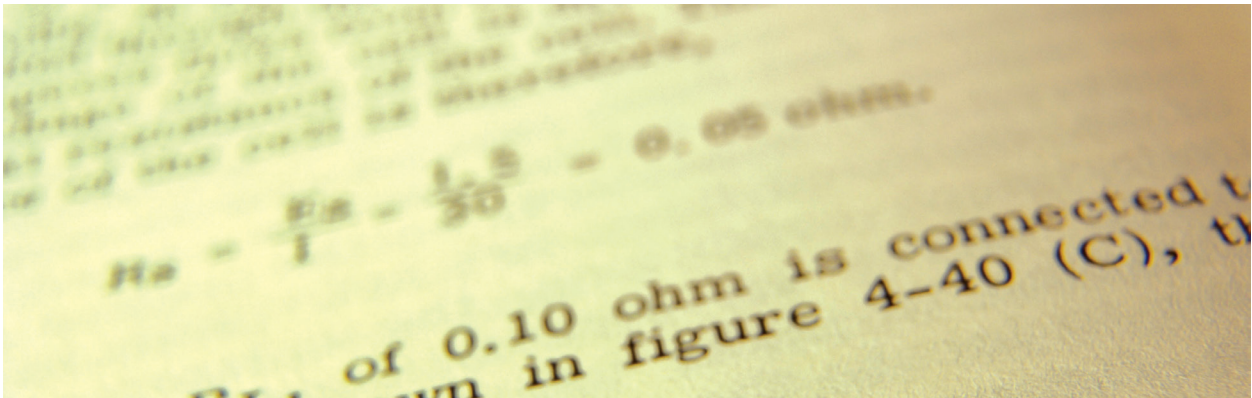
portunities to encourage an accelerated economic development, by providing young entrepreneurs with a friendly and conducive business environment. These actions are necessary to establish an economic basis that would enable local entrepreneurs to benefit from advantages that the European Union brings as a large market with freedom of movement of people, goods and capital. At the same time, Kosovo needs to prepare all the laws that are required by the European Union, but to ensure that entry into force of those laws will take place only right before formal membership. This sequenced approach towards the European integration would ensure that Kosovo creates space for establishment and development of competitive companies in the European Union, which not only would be able to face financially the legal regulation that is envisioned with *acquis communautaire*, but they would also enjoy the gains that this legal body brings for expansion of their markets in Europe. On the other hand, during this time, Kosovo with assistance of the European Union must train its public officials to implement and to put into practice gains and benefits that derive from the membership into the European family and from implementation of the *acquis communautaire*. Contrary to the current model, where untrained officials learn about European Union practices at the expense of citizens and businesses, with sequenced integration, the training would take place in a laboratory environment, where negative effects of deliberate and non-deliberate mistakes of officials would not produce negative effects for citizens and businesses.

In conclusion, it must be underscored that if Kosovo manages to enter into the European Union only due to its geographical position, then gains and benefits that derive from the membership would be minimal, since, to take just one example, roads constructed by the European Union would be one-way only, i.e. from Europe to Kosovo for European goods and services, and from Kosovo to Europe for Kosovo's human capital. Consequently, Kosovo would remain a consumer society that in the European Union would have the relevance of a small peripheral market.

**About the author:** The author is a lawyer and a managing partner in legal firm "Pallaska Et Associates L.L.C." Views presented in this article are personal.

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*This article is translated as the original is written in Albanian.*



# Financial terms that should be known

**Overdraft:** is a term that refers to money withdrawal from a bank account, even though the available balance in the account is 0, so there are insufficient funds to be withdrawn. In this case, the bank consents the customer in need to overdraw a certain amount of money that is previously negotiated between the two respective parties (the bank and the client)

**Debit:** is a banking term that refers to the amount of money obtained from the borrowers. Debit, also shows the amount of money that must be paid, or the amount of money that have been withdrawn from the bank account. Moreover, a debit card is an instrument that we use to withdraw funds from the bank and make payments in the stores. The debit card is linked to a current banking account; therefore, to withdraw cash we should firstly have funds in the proper account.

**Credit:** is a banking term that refers to the amount of money that a person can borrow from the bank. Furthermore, a credit card is almost similar to the debit card in appearance; but, is completely different in its use. A credit card can be used to pay online and also to withdraw money from the ATM. Nevertheless, a credit card has its limitations. The difference between a debit and a credit card is that the debit card is used when the person has sufficient funds in his/ her account; while, a credit card operates as a "short-term loan" with a spe-

cific limit provided by the bank and is predicted that the debt will be paid at the end of each month.

**Personal Identification Number** abbreviated as **(PIN):** is a secret code (4-digit), consisting of numerical values provided to the client for conducting transactions through the ATM

**Point of sale** abbreviated as POS is a selling point in which purchase is possible through a debit or credit card.

**Time deposit:** Money deposit that a retail or business client places in a banking institution or an institution that accepts deposits with the right of withdrawing the funds after a specified period of time agreed by the parties.

**Savings account:** is a term that refers to a savings account that represents bank cash deposits from individuals or businesses with a withdrawal maturity date of the funds and towards an interest rate that the client gains while the funds are deposited in the savings account.



# 7 tips for securing your debit card while performing an ATM transaction

Automated Telling Machines (ATM's) have become part of our life. This contemporary equipment facilitates the ease in which we withdraw our money without waiting in the long queues in the bank branch. Although innovative there are certain measurements that clients need to take in order to better use and secure their debit or credit card from particular risks. Below are some tips for helping you protect your debit/credit card:

**Tip #1:** choose a place where it is crowded and has lighting, because going in to a place where it is not crowded and possibly dark at night is risky as this can be a place where thieves mostly target people to steal their money while they're performing an ATM transaction

**Tip #2:** always hide your pin number with the other hand or a notebook, because thieves sometimes insert a micro camera on the top of the ATM in order to steal a client's Personal Identification Number (PIN) by recording his/her 4-digit number. Fortunately, commercial banks have taken certain steps in this direction where they have put a plate in order to hide the 4-digit number from this possible theft.

**Tip #3:** do not accept any help from anybody, because usually strangers pose as if they are trying to help you configure your card or helping you to use the Automated Telling Machine (ATM), but on

the contrary they're there to steal your card and then run away. If you have trouble using your card while performing an ATM transaction, please consult with the bank employees inside the branch, and no one else!

**Tip #4:** if you go abroad, consult with your account advisor to see which ATM is more suitable and has the lowest fees, because using any ATM abroad can lead to the ATM blocking your card, thus making your holiday or visit uncomfortable. It is strongly advised to consult with your bank advisor before going on a trip abroad.

**Tip #5:** Do not leave your ATM invoice inside at the spot, because this can be a potential hazardous decision as the thief might steal your basic card information that is written on the invoice.

**Tip #6:** count your money quickly and do not spend time on the ATM to count your money.

**TIP #7:** choose a PIN that can be easy to memorize and do not write it down on a note or save it on your mobile phone as a contact.





## 4 tips for securing your account while performing an e-banking transaction

E-banking is a contemporary tool that has eased the monitoring and doing transactions in our bank account. It is a tool that has been very helpful in monitoring account from the comfort of our homes. Although innovative, similar to the ATM there are specific security issues that are associated with using our e-banking account. Below are some tips for helping you better protect you e-banking account:

**Tip #1:** never open/check your e-banking account inside an internet café, because there is always a risk that other people might hack the computer or simply you might leave your e-banking account open.

**Tip #2:** Report on any suspicious activity you might see on your account

**Tip #3:** do not give your account details or respond to any website or e-mail that comes up as a special offer, because usually these websites/ e-mails pose as if you've won a lottery or a special prize just to take your account information

**Tip #4:** use a password that is hard to unlock or be guessed by anyone

# Active Committees at the Kosovo Banking Association

There are ten operating committees/ working groups in different fields of the banking sector within the Kosovo Banking Association. The committees are composed of members of the association and experts in the banking field from the eight commercial banks. The banking expert's profiles fit the activities of these working groups. These committees have an advisory role for the association and the bank management for issues that affect the greatest functionality of the sector.

Depending on the subject being discussed, committees organize numerous meetings with the Central Bank of the Republic of Kosovo, with Courts, Judicial Councils, Judicial Institute, Cadastral Agencies, Tax Administration, ministries of the Government of the Republic of Kosovo, including the agencies that operate within these ministries and all other organizations that have the financial sector of Kosovo as their base activity.

Committees cooperate with other international institutions such as VISA and other similar fo-

runs in the region, whose objective is the exchange of information, experiences, and discussions for further development of the banking expertise. The committees organize regular meetings with the VISA representatives and regularly participate in various activities, such as workshops and regional conferences.

The ten functional committees at the Kosovo Banking Association are:

1. Treasury Committee;
2. AML Committee;
3. Legal Committee;
4. Payments Committee;
5. Card Fraud Forum;
6. Security Committee;
7. Financial Committee;
8. Marketing Committee;
9. Human Resource Committee;
10. Risk Committee.





## Robert Wright Reelected as the Chairperson of the Board of Directors

In July, during the annual General Assembly meeting, it was reconfirmed that Mr. Robert Wright, Chief Executive Officer at Raiffeisen Bank Kosovo, was reelected as the Chairperson of the KBA Board of Directors for a two year mandate. On the occasion of being reelected as the Chairperson of the Board of Directors, Mr. Wright declared: "It is an honor and a privilege to be part of a great team. I am certain that to-

gether we will continue our work for the promotion of the banking sector activities and we will closely cooperate with relevant institutions of Kosovo to address all issues that are related to this sector". Moreover, in this meeting, Mr. Ilir Aliu, Chief Executive Officer at ProCredit Bank Kosovo, was proposed by the General Assembly and reelected as the Vice Chairperson of the KBA Board of Directors.

## Representatives of the Kosovo Banking Association Visit the Albanian Association of Banks

During the month of August, representatives of the Kosovo Banking Association visited the Albanian Association of Banks, where they were welcomed by the General Secretary of the Albanian Association of Banks, Ms. Endrita Xhaferaj. Highlights of the meeting were the options of cooperation between the two institutions for the development of the banking sector in the two countries; and also the institution's exchange of experiences

in organizing trainings for capacity development. Mr. Petrit Balijs, Executive Director of the Kosovo Banking Association added that "this is an important date for the two institutions since this is the first meeting held between the Kosovo Banking Association and the Albanian Association of Banks and is a starting point for a close cooperation between the two institutions".

## Finance Fair 2013

On September 25th 2013 the Finance Fair was opened at Swiss Diamond Hotel in Prishtina, until September 26th, 2013. In addition to the display of the products of the participating companies that were: banks, insurance institutions, construction companies, microfinance institutions, prominent auditing and accounting companies, design and print companies within the Finance Fair 2013; two conferences and a forum were held. The most important conference dur-

ing the two days of the Finance Fair was "Policies needed to mitigate risk for the financial sector", with a panel composed of Mr. Amer Ali from the global auditing company Grand Thornton, Mr. Ibrahim Rexhepi, editor of the magazine "Ekonomia", Mr. Bernard Nikaj, Deputy Minister of Trade and Industry, Mr. Robert Wright, Chairman of the Board of Directors at KBA, and Mr. Nazif Tërshnjaku Head of Banking Supervision Division at CBK.



In the second part of the Finance Fair the conference was held with the topic: "New Horizon –Choosing a housing finance model for Kosovo" and the forum with the topic: "Current challenges and future opportunities in the insurance industry". Moreover, one of the activities at the Finance Fair 2013 was the workshops with students from

public and private universities, where students had the opportunity to learn practical aspects of customer and bank products and lastly they underwent a short test, where the most distinguished students were rewarded with internships in the commercial banks of Kosovo.



## Workshop with students organized within the Finance Fair 2013

During the Finance Fair, held on September 25th and 26th, KBA organized a workshop for the students of the Economic Universities in Kosovo. The topics that the students followed during these days were:

1. Products and services aspects of bank's clients, and
2. Relevant aspects and mutual expectations that banks and trainees have during practical work.

Students expressed their satisfaction with the content of the lectures and added that the topics were pretty interesting and easy to understand. At the end of the lectures, student participants underwent a test, where those who passed the test were rewarded with internships in the commercial banks in Kosovo.

## KBA Awards the Prize Winner from 'Kosova Sot'

During October and November, the Kosovo Banking Association, in its premises, awarded the prize winners with "Training in Banking" organized by the newspaper "Kosova Sot" where KBA is also a sponsor of the game "Celebrate and Win". Meanwhile, the Executive Director of the Kosovo Banking Association, Mr. Petrit Balija, stated that the Kosovo Banking Association was engaged to increase the capacities of the financial sector for years and to offer an opportunity for the youth to have access in educational programs which allows them to enter the labor market.



## The Chairman of KBA Board of Directors Participates in a Conference Organized by Fleming Europe

In a Conference organized by Fleming Europe in regards to Retail Banking organized on October 9th and 10th, 2013, in Budapest, Hungary, the Chairman of the Board of Directors at Kosovo Banking Association, Mr. Robert Wright, has participated in this conference where at the same time was also one of the panel members in the first forum in the second day of the conference, "Strategic Insight into Retail Banking". This conference was organized with the purpose of further discussing the field of Retail Banking in Central Europe, as well as, proposes strategies

of how Retail Banking can be enhanced. In the first panel in the second day of the conference, "Strategic Insight into Retail Banking", where Mr. Wright was one of the panel members, discussed the current situation in the retail banking industry and the challenges and future opportunities for Retail Banking. Other panelists in this forum include: Mr. Mateusz Morawlecki from Bank Zachodni WBK, Poland; Ms. Agnes Baba from KEH Bank, Hungary; Mr. Josef Benes, from Raiffeisen Bank in Czech Republic; and Mr. Igor Barat from Pestova Bank, Slovakia.



## KBA Attended the Regional Meeting for Europe and Central Asia Organized by Child & Youth Finance International

In early November, the Kosovo Banking Association, represented by the Executive Director Mr. Petrit Balija has participated in the second regional meeting for Europe and Central Asia organized by European Central Bank (ECB) in cooperation with Child & Youth Finance International which this year was held in Frankfurt, Germany. The main topic of this meeting was citizen's financial education, with a special emphasis on financial education of children and youth in Europe and Central Asia. In addition to increasing citizen's and youth awareness on the finance field, the objective of the meeting is to emphasize the importance of strong leadership at the regional level, define the strategy for children and youth inclusion in the field of finance

and to facilitate children and youth to share their recommendations with key decision makers in the field of finance.



# Organized Trainings at KBA

## **“Financial Analysis”**

Within the training program framework for 2013, the training “Financial Analysis” was lectured by the American consultant, William Donovan, during April. The training was designed to help the participants practice the knowledge acquired and so learn the analysis by simultaneously doing it. With a higher participation rate than usual, the bank officials had the opportunity to refresh their knowledge with new elements of business valuation by analyzing the financial data and indirect information that can be obtained from the financial statements.

## **“Anti-Money Laundering”**

The training “Anti-Money Laundering” was held during May. Participants in this training were representatives of the commercial banks as well as representatives of the Central Bank of Kosovo from the departments of Anti-Money Laundering and Compliance. The purpose of this training was to enable the participants to apprehend the current situation of money laundering, terrorism financing, financial crimes, measures to prevent money laundering and the understanding and implementation of a risk based approach. The conference focused on recent developments, including FATF recommendations and the Luxembourg model for the compatibility operation of the financial institutions.

## **Presentations to Economics students**

In line with the initiative for informing the public regarding the banking sector, Kosovo Banking Association organized several presentations/ workshops for the students of the state University of Economics “Hasan Prishtina” during April. There were a total of 4 presentations/ workshops organized by the KBA for the students of this university. The students showed great interest and curiosity about the various

aspects that were lectured in these presentations and most of them were highly active and initiated mutual debates. The topics introduced to these students were: Treasury Management by Shpresim Vranovci, Head of the Treasury Committee at KBA; Anti-Money Laundering and terrorism financing by Ali Krasniqi, Banka Kombetare Tregtare; Electronic service security, lectured by Afrim Gerguri, ProCredit Bank; and the Importance of staff development, lectured by Genc Loxha, Raiffeisen Bank.

## **“Customer Service with emotional intelligence approach”**

The training “Customer Service with emotional intelligence approach” was held during June and various officials from the commercial banks in Kosovo attended. Apart from conventional concepts that were taught during the training, the objective of the training was to inform the participants about the emotional aspects of serving the clients, analyzing conflict situations and raising awareness about our clients’ emotions when we communicate.

## **EFCB IV Certification**

EFCB (European Foundation Certificate in Banking) training started at the end of October and had a larger participation rate than usual. This training is designed mainly for the students of the 3rd year of the University of Economics that aspire to enter the banking sector. Additionally, the training will also be followed by members of the commercial banks and KBA members in their early careers. Participants at the end of the training will be certified by EBTN. The training has 3 modules that are discussed over the duration of 2 months and they are: Module A - the economic and monetary environment; Module B - product - customer relationship; and Module C - human aspects.





### “E-Banking”

The training “E-Banking” was held in the Banking Training Center during October. The training informed the participants on the development trends of E-banking and also analyzed the environment and various distribution channels and their function, specifically the tools used for e-banking such as: internet, mobile phone, etc. Moreover, the participants analyzed the strengths and weaknesses of a website, where they discussed the creative development of a website.

### “PCI DSS and ATM Security”

The Training PCI DSS (Payment Card Industry Data Security Standard) was held during the month of October. This training enabled the participants to learn the trends and the most renowned methodologies for processing and transmitting credit card information. At the end of the training, the participants underwent a short test, where after successfully passing it the participants were provided with a certificate from the licensed company QSA NetHost Registration (UK) Ltd.



## Online sale of Kosovar business's products and services

With the e-commerce service, ProCredit Bank is the first institution in Kosovo that offers Kosovar businesses and traders the option of selling their products and services via internet. Through this service, businesses can receive the payments from all VISA cards. E-commerce service creates an entirely new option of sales and enables the businesses in Kosovo to place their products and services to a larger clientele in the country and in the region. With the support of the security platform 3-D Secure (Verified by VISA), ProCredit Bank provides a safe environment for launching the first steps of the activity in the Kosovar market.

### E-Commerce: Innovation from ProCredit Bank



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Shitja ONLINE e produkteve dhe shërbimeve të bizneseve kosovare mundësuar nga ProCredit Bank



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## Payment of taxes, bills, etc. with e-Banking from ProCredit Bank

ProCredit Bank has introduced a new version of online banking, which enables businesses and private clients the payment of bills, taxes, etc. from the convenience of their offices or homes 24 hours a day, seven days a week. More precisely, with the new version of this electronic banking service, today in Kosovo all the taxes, custom fees, pension contributions, electricity, water, telephone, etc. can be paid through e-Banking.

## Projects supported by Raiffeisen Bank

Raiffeisen Bank's commitment to support projects and cultural organizations has continued throughout this year. Raiffeisen Bank has supported the organization of PriFest, the "Gjon Mili" exhibition, etc.

PriFest hosted its 5th edition from September 20th, on Festival's opening day, until September 27th, on the Festival's closing ceremony. Raiffeisen Bank continues to support the festival, where we are the traditional sponsor. During the festival week, different movies were shown and Hisham Zaman, the producer of the movie "Before snowfall", was the winner of the prize "Golden Goddess" in the fifth edition of the film festival PriFest. The Executive Director, Robert Wright, expressed his satisfaction with the festival expansion and festival inflows.





Raiffeisen Bank's cooperation and support of the Art Gallery this year was marked with the support of the international exhibition "Gjon Mili". The exhibition "Gjon Mili" was curated by both local and international artists. This year, the exhibition marked its 13th edition and was open from September 13th to October 13th 2013. This edition of the exhibition was curated by the art critic and historian, Frits Gierstberg and was titled "Only together: the picture and the other." This edition, Genc Kadri won the prize "Gjon Mili".



On September 21<sup>st</sup>, Prishtina Philharmonic held a concert under the baton of the renowned conductor from Austria, Robert Lehrbaumer. This was the first concert of the Philharmonic of Pristina this season, an event supported by Raiffeisen Bank.



## Personal loans up to EUR 10,000 from BKT

The newest offer from BKT is a personal loan up to EUR 10,000, with 0% administrative costs, no mortgage, approval within 24 hours and the option of withdrawing the loan in cash.

This option is offered to clients receiving their salary at BKT or other banks and also to the self-employed such as doctors, lawyers, engineers, or other certified professions.

The package includes personal loans with preferential terms, PRIMA credit cards without maintenance fees for the first year, overdraft – if the salary is transferred to BKT, as well as e-banking with no annual fees.

Application could be completed from all the sales channels of BKT: BKT's 24 units and agencies throughout Kosovo, by either sending an SMS to the number 500 66 with the text "loan" and filling the loan application form on the website: <http://www.bkt-ks.com/web-kredi.aspx>, or by calling on 038 666 666-ALO KREDI.

**The offer is valid until January 31, 2014.**



## BKT, a contributor to society

For Banka Kombëtare Tregtare, social responsibility has been and remains one of the top priorities. As a result, the bank has continuously developed projects related to the environment and the community, in order to contribute to the development of the society, raise environmental protection awareness and also create values for the country by paying taxes, offer quality products and services, and create employment opportunities.

The outline of the social responsibility concept of BKT is based on the "Pay back to society" principle. In this context, BKT makes ongoing efforts to influence everyone's lives, by positively changing it through charitable activities in various social areas. The most important instruments of BKT's social accountability are sponsorships, activities and charity works that reflect the institution's respect to society and its employees.

For three years, BKT has been the general sponsor of the Kosovo Basketball Super League and it is currently the sponsor of the basketball club "Sigal" in Prishtina, and the basketball club "Drita" in Gjilan.

BKT has participated and sponsored several gala evenings, whose collected funds have contributed to sick children, sponsored the Association of the blind, sponsored the education of children with the highest scores in "Mehmet Akif College", sponsored the initiative "Let's clean up Kosovo", etc.

BKT's ongoing growth in Kosovo, which currently operates with 24 branches, is based on its strategic goal to become the number one bank in providing financial products and services, continuing growth in the market share, and maintaining its leading position in the variety of products, new technologies, and innovative strategies and interests offered.

## ProCredit Bank organizes ProKid games 2013



Hundreds of pupils from all the regions of Kosovo competed in this year's ProKid Games organized by ProCredit Bank for the ninth consecutive year. In addition to countless summer games, pupils from different elementary schools competed in the ProKid Games knowledge quiz, challenging and testing their knowledge in the subject of geography and history. This traditional event is associated with a great deal of enthusiasm, passion and knowledge, and it is supported by the Ministry of Education, Science, and Technology.

## ProCredit Bank collects a record number of plastic bottle caps



ProCredit Bank has enthusiastically delivered 1335.20 kilograms of plastic bottle caps collected from the staff and clients. This large amount of plastic bottle caps will be sent for recycling in Turkey and five wheelchairs will be purchased with the proceeds of the initiative. Hence, with the bottle caps gathered, we will contribute to improving the lives of five disabled people and their families in need. At the same time, the hundred kilograms gathered will also contribute to a cleaner environment in Kosovo.

## Competition for the best environmental Video

Bëhu Pjesë e Garës për

VIDEON MË TË MIRË MJEDISORE



For the second year in a row, the DokuFest documentary film festival and ProCredit Bank have invited citizens to address the environmental issues, by making videos with images of pollution or environmental protection. This initiative aims to visually address the environmental is-

ues in Kosovo and share them with the public during the DokuFest festival. Videos filmed by citizens with cameras, phones, video recorders or webcams were displayed in this year's edition of DokuFest.

## ProCredit Bank, general sponsor of DokuFest



Sponsor Gjeneral | **DOKU  
FEST**  
17-25 Gusht  
Prizren  
International Documentary  
and Short Film Festival - Prizren

For the ninth consecutive year, ProCredit Bank has supported the International Festival of Short Film and Documentary DokuFest as the gen-

eral sponsor of this important cultural event in Kosovo.



## 5 tips before a job interview

The journey towards getting a job sometimes may be short, but sometimes may also be long. One of the reasons why certain people remain in search for a job could be the lack of their experience, taking time off for leisure time, or possibly the way how the individual drafted his/her CV. In most cases how we act in an interview certainly sets the foundation on whether we get the job or not. Below are some interview tips:

**Tip #1:** Ask questions about the company – Most people go to interviews and only answer questions which are posed by the interviewer. However, they forget that to get employed one must also know the company thoroughly. One of the tips while in a job interview is ask the interviewer questions that might interest you that you did not find in the website. Examples of these questions might be: when was your company established, how many employees does your company have, is your company located in other countries, and so on.

**Tip #2:** Sleep well and be calm – Stressing over the next day and revising your answers after midnight – the day before the interview – certainly won't help you achieve your goal. One of the reasons why individuals fail during an interview is that they get stressful while on an interview with the opinion that if they do not get the job they'll be doomed to forever remaining unemployed. Luckily there are a lot of jobs in the market, so stressing over one job position would not make your chances higher; instead sleep well the night before the interview and always stay calm during the interview.

**Tip #3:** Research the company – This tip is connected to the first tip about asking questions about the company. Your future employer would like an employee who is interested in the company – the company's website is the most helpful source in achieving this goal. Research the company and when given the opportunity ask questions about the company.

**Tip #4:** Stay positive during the interview – While on an interview do not convey your negative emotions you might have about your previous employer, job, or duties, as this can backfire and the interviewer might label you as a person who does not have integrity and is picky in his/her job. Always convey positive aspects of what you learned from your previous job, duties, or employer.

**Tip #5:** Brainstorm your qualities before the interview – Before going to an interview always brainstorm your qualities or talents that you could use in an interview. Knowing yourself better makes it easy to convey your qualities to your future employer even better.



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