

Kosovo Banking Association

# Banking Code of Practice

Setting out the banking industry's key commitments and obligations to customers by fostering fair competition between banks and enhancing the transparency and reputation of the banking industry.



SHOQATA E BANKAVE TË KOSOVËS  
KOSOVO BANKING ASSOCIATION



## **BANKING CODE OF PRACTICE**

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Approved by the Board of Directors of  
Kosovo Banking Association

Published on December 5th, 2019

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## PRINCIPLES AND VALUES OF THE BANKING SECTOR

The Kosovo banking sector is of great importance to the prosperity and development of the economy and the financial wellbeing of the Kosovo society. Our customers expect accurate, complete and timely information regarding bank's products and services that are offered to them in all phases of such service relationship and on all related subjects. They count on the responsibility and accountability of the banks to provide them with a wide range of options to access banking and financial services and to give them the right financial advice.

Businesses are often reliant on banks to start and grow further and expect banks to develop their products and

services as closely as possible to their specific needs.

We understand this fiduciary responsibility towards our customers and constantly strive to strengthen the trust in the banking system because this is critical to our relationship with customers.

We are committed to our values and principles that lead to a mutual beneficial relationship, carefully balancing responsibilities towards the customers, public authorities, the community, employees and investors.

The Banking Code of Practice highlights the main values and principles through which the banking sector will achieve these objectives.



## I. OBJECTIVE

The Kosovo Banking Association Code of Banking Practice sets out the banking industry's key commitments and obligations to customers by fostering fair competition between banks and enhancing the transparency and reputation of the banking industry. We, the members of the Kosovo Banking Association hereby formalize, as part of our commitment, the industry standards for the equitable and transparent banking practices and behavior with customers, each other, shareholders, employees, the community and the

environment where we operate, in line with general ethical principles and good banking practices. For the implementation of this Code “banks” term means the banks which are the members of the Kosovo Banking Association and “employees” term means bank employees being managers, employees, contractors, officers and members of the Board of Directors.



## II. GENERAL PRINCIPLES

Banks are required to adhere to these general principles, as written in this code, with the purpose of securing and ensuring successful and efficient operations of the banking system in Kosovo. Banks will strive towards preventing the conducts, procedure and applications which may cause considerable loss and damage to, customers, the community and the economy, serving to the best interests of the public while protecting the rights and interests of the depositors, maintaining trust and stability in financial markets, and the requirements of economic de-

velopment of the country. In addition to full compliance with all laws of the Republic of Kosovo, each Bank should adhere to the best banking practices that promote the healthy development of the banking industry and the financial wellbeing of their customers and which foster relationships with customers which are mutually beneficial. Banks will strive to reduce the information asymmetry and will act as financial advisors to their customers with the aim at helping them make best financial decisions.



### **a. Business Ethics**

Banks operational policy will comply with the spirit of all laws to which it is subject, wherever the bank does business. Banks also commit to enhanced policies and procedures for its Employees to conduct all business on behalf of the bank in a manner consistent with the highest ethical standards.



### **b. True and accurate communications**

Banks and its employees must be truthful in all communications with their customers, within the bank, internal and external auditors and public authorities. Employees must maintain truthful business records that accurately and fairly reflect banks business and financial transactions.



### **c. Impartiality**

Banks should provide access to banking services in accordance with their capabilities and business model in

an equitable manner. Banks should not make any discrimination towards their customers based on their nationality, religion, age, financial and social standing, gender or other discriminatory factors during their service. Each customer should be given access to services in accordance with their qualifications as outlined in the banks policies.



### **d. Transparency**

Banks should inform their customers in an open, easily understandable and clear way regarding the underlying rights and responsibilities, benefits and risks attached to the products and services offered to them. Banks should ensure that they have sufficient human and other resources in order to ensure that employees are able to allocate sufficient time and care so that that the customer understands clearly the terms and conditions to which they are agreeing.



### **e. Anti-corruption**

All employee contacts in dealings with customers, suppliers, and po-





tential suppliers must be conducted so as to avoid even the appearance of impropriety or violation of any applicable law or any other act or this Code. Employees may not offer, ask for, provide or accept anything of value either for themselves or for others in return for favorable treatment from the bank, customers, suppliers, or potential suppliers, or others.



#### **f. Corporate Social Responsibility and Respect for the Environment**

Banks should show due diligence to support social, sports and cultural activities in the light of the principle of observing, aside from the profitability, the social responsibility and respect for the community and the environment where they operate.



#### **g. Reliability**

Banks should offer clear, comprehensible and correct product choices to their customers within the principle of reciprocal trust and mutual benefit during their entire services and transactions; and they should pro-

vide the customer services in a timely and complete manner. Banks should take immediate measure to address any requests or complaints of their customers.



#### **h. Acts against Money laundering and related crimes**

Banks should adopt policies for fighting against money laundering and crime-originated assets and other related policies as a significant principle as stipulated by international norms and the provisions of national laws and regulations, and do their utmost for the due cooperation with each other, with other organizations and institutions related with the subject, as well as with the competent authorities.



#### **i. Insider Trading**

Banks, aiming at preserving the breach of fiduciary duty, should take all measures to prevent the use of insider information for the trading purposes.

## III. RELATIONS BETWEEN BANKS

Banks should conform to the following principles in their relations with each other:



### **a. Exchange of Information**

Subject as authorized under the national and international laws and regulations Banks should carry out all information exchanges between each other on all possible subjects accurately and systematically.



### **b. Personnel related actions**

Banks should avoid practices and applications that may cause unfair competition on the employment of the personnel and avoid unfair head hunting practices. It is important to understand that stable employment of personnel is very important for the preservation of the stability of the banks and to preserve the public

interest that it represents as a financial institution. Therefore, each bank should recruit responsibly in order to avoid any intentional and abrupt interruption of normal operations of their competition.

Although the Kosovo Labor Law and other related laws and regulations allow for a freedom of making employment contracts with anyone, as a good practice, banks should show due diligence when hiring and managing personnel employments in order to prevent any breakdown, disruption or cessation in the service of other banks or breach of privacy of data policies. Diligent background checks and monitoring procedures should be implemented in order to preserve the trust of the customers in the banking industry.

Banks should behave objectively and honestly in answering the information requests of other banks about their former employees.



### **c. Competition**

Banks see the competition as a fair contest which is in compliance with the laws and regulations and which helps the individuals make their free economic decisions in the banking industry market. Therefore, during all their activities within the free market economy, all banks should avoid statements and behaviors that may cause unfair competition.



### **d. Anti-competitive practices**

Banks should behave objectively and honestly in order to prevent and reduce competition within the free market economy by agreeing to not use anti-competitive measures such as: exclusive dealing, dividing territory, refusal to deal, limiting pricing, discussing pricing, adopting policies that prevent customers from freely switching banks, and alike.



### **e. Advertisements, Sponsorship and Announcements**

Banks should act honestly, realistically, and in compliance with legal regulations and with the general moral principles during their announcements, sponsorship and advertisements and notices under the publicity and advertising activities regarding their banking products and services as well as their own financial structures, and they should avoid all acts and behaviors that may damage the reputation of banking as a profession.

They should ensure that their announcements, advertisements and notices do not contain any statements or expressions degrading or humiliating other banks, or the products and services of other banks.



## IV. BANKS' RELATIONS WITH CUSTOMERS, PUBLIC ORGANIZATIONS AND INSTITUTIONS



### **a. Relations with Public Organizations and Institutions**

Banks, while conducting any relations with any public organizations and institutions, should strive to act in observance of the principles of honesty, accountability and transparency, and should show the utmost care for the correct, complete and timely communication of the information, documents and records with the public or

organizations and institutions that may request from them for supervision and control purposes in accordance with the laws and regulations. The bank shall observe legal requirements and the principle of transparency if providing financial support to political movements, parties or other similar political organizations. Banks should prevent organizational cultures that may pressure their employees to support any political movement, party or similar political organizations in order



to preserve the public trust in the institution and the banking profession in general.



## **b. Bank – Customer relations**

Banks should observe the following principles in their relations with their clients/customers:



### **i. Informing the Customers**

Banks should provide accurate, complete and timely information to their customers regarding their products and services they offer to them in all phases of such service relationship and on all subjects by also complying with the limitations stipulated under the laws and regulations.



### **ii. Secrets of Customers**

Banks are obliged to keep confidential and maintain with due diligence all customer information and documents, and not to show such information and documents to persons other than the persons and authorities who are expli-

citly authorized to request to see them under laws. Banks should implement continuous trainings on banking ethics to reinforce this principle, which is extremely important for maintaining public trust in the banking sector.



### **iii. Service Quality**

Banks should adopt clear, equitable and nondiscriminatory policies when differentiating the organizational structure, business model and product range in accordance with an identified target market, or adopting different approaches to the customers in different risk groups.



### **iv. Customer Complaints**

Banks will establish an effective system in order to respond to all and any kinds of questions of their customers derived from the services offered, and should inform their customers about this system. Customer satisfaction surveys should be carried out periodically to adjust this system as it is vital to preserving the public trust and fulfilling fiduciary duties.



## V. BANK-EMPLOYEE RELATIONS



### a. General Employee Qualifications

Banks should be aware that they should show due diligence in order to ensure that their employees possess the knowledge, background and a sense of responsibility required by their jobs. Banks can not employ persons who fail to comply with the legal

conditions specified under the laws and regulations in Kosovo.



### b. Employment and Career Development

Banks should offer adequate opportunities to their employees without any discrimination during their recruitment and during their career deve-



lopment following their recruitment. They should, in line with the principle of managing the human resources in the best possible way, offer trainings, courses, seminars and similar opportunities to their employees in order to ensure that they reach to the level necessitated by the times and by the banking profession.

They should take into consideration the commitment to banking ethics and the diligence shown in implementation of these principles as well as the knowledge, skill and individual achievement during the promotion decisions of their employees in order to foster the principle of meritocracy in the banking profession.



### **c. Representation and Working Environment**

Banks will introduce internal regulations requiring that their employees look and act professional in conformance with the reputation of the banking profession and also with the awareness that they represent their banks. They should implement measures as required for the improvement

of the motivation of their personnel involved in all service units and for their offering services in better conditions, and so ensure a healthy and convenient working environment.



### **d. Work Hours**

Banks should show due diligence for the employment of sufficient number of personnel required by the workload, organize their employees in a way that they yield maximum productivity during the working hours, and show utmost efforts for preventing undue overtime work and for their employees use of their annual leaves regularly. Special care should be given to sufficient staffing in branch locations with high number of customers who frequent the branch which may lead to undue customer cues and create stressful situations for their employees. As an alternative, effective and efficient digital solutions should be implemented in those locations in order to avoid such situations.



### **e. Relations of Employees with Customers**

Banks should introduce internal regulations providing sanctions and measures for the prevention of their employees from:

- Being involved in relations with the customers such as borrowing-lending, being guarantor and opening joint accounts with the customers which relations cannot be explained under ethical principles,
- Accepting presents from the current or potential customers of the bank, or
- Deriving personal benefits from both their job potentials and from the business potentials of their customers by using their status.



### **f. Employees' Rights**

Banks should do their best to provide for the timely and complete satisfaction of their employees' rights in accordance with the provisions of the Republic of Kosovo and other related laws and regulations to which the employees are subject.





## **g. Compliance with Professional Rules and Ethical Principles**

Every Bank Employee during performance of its duties is expected and also required to comply with the following principles with the aim to:

- Become familiar with and comply with relevant Bank Policies;
- Obey laws and regulations,
- Be honest, fair, and trustworthy during their activities,
- Cultivate an environment in which equitable opportunity is extended to every client and inform the customers about the benefits and risks of the products and services offered to them,
- Avoid conflicts of interest between the work and personal affairs,
- Sustain a culture in which ethical conduct is recognized, respected and promoted,
- Not disclose the secrets of their customers and the banks which they come to learn by virtue of their positions and titles to anyone other than those persons and authorities, who are explicitly authorized under laws,
- Cooperate with other employees for common purposes through building a courteous and diligent communication during their fulfillment of duties.

## VI. ENHANCEMENT OF THE CODE OF BANKING PRACTICE

Banks and public authorities may at any time present their proposals to the meetings of the Board of the Kosovo Banking Association for the purpose of improving the Code of Banking Practice and to make amendments on them as required.

## VII. COMPLAINTS

Each Bank, shall adopt its own procedures for receiving and processing individual customer complaints based on an accusation of violation of this Code of Banking Practice. KBA member banks and public authorities can complain to KBA Board of Directors for the violation of this code by any of the Banks. Applications not filed within one year following the date of occurrence of the related event will not be reviewed.

## VIII. APPROVAL AND ENFORCEMENT

The approval and oversight of enforcement of this Code of Banking Practice is done by the Board of Directors of the Kosovo Banking Association.

## IX. ENTRY INTO FORCE

The Code of Banking Practice takes effect as of the date it is published.

Publishing date: 05 December 2019



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