

08 Diaspora increases financial remittances through banks

13 Around 1.5 billion euro foreign investments in banks and real estate

IBANK

Jupa: We expect an increase in investment

February 2019 | Nr. 19 - Free of charge

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BANKING IN BILLIONS WITH DIASPORA

Incoming and outgoing transactions carried out by banks in Kosovo with different countries of the world, mainly with those where Kosovar diaspora is concentrated, exceed the amount of 7 billion euro per year. Banking with the diaspora, according to the statistics of the Central Bank of Kosovo, is developing from year to year, thus carrying out about 600 thousand banking transactions during the year

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Advances of banking services are fighting tax evasion

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PROF. DR. IBISH MAZREKU



The banking sector encourages economic growth and employment in Kosovo

Kosovo's commercial banks are making full use of their capacity to increase private sector's and households' finances so that Kosovo can have greater economic growth and thus to boost the employment in the country.

According to media announcement from the Association of Kosovo Banks during 2018, the banking sector in Kosovo approved 1,367.1 million euro loans, of which 816.4 million were for the private sector, and 550.7 million euro for households. "Of the total issued loans, 59.7% of this amount the domestic banks have provided to businesses by making the capital available in order to expand their capacities and promote employment. Business lending is done according to the market demand that comes as a result of the economic structure of the country. This is reflected also in crediting different sectors where the commerce sector is more credited than the other sectors with a percentage of 48.8% of total private sector credits, "it is said among others in the Kosovo Banks' Association Communication. It is worth mentioning that the construction sector also has a greater share in this respect, with a participation of 9%.

On the other hand, important sectors for the country's economic development, such as the agriculture and manufacturing sector have marked a significant increase in total value of about 67.6 million euro for agriculture and 218.1 million for the manufacturing sector. Their participation in total loans remains relatively low and unchanged over the years. "In this regard, banks remain willing to fund these sectors but are required these sectors to have substantial reforms, with the support of state institutions and international development organizations to make these sectors more competitive and to

816.4 million €

loans commercial banks have approved for the private sector in Kosovo last year

550.7 million €

loans commercial banks have approved for households in Kosovo last year.

218.1 million €

loans commercial banks have approved for the manufacturing sector during 2018.

67.6 million €

loans commercial banks have approved for the agriculture sector during 2018..

5.99%

interest rates have decreased during last year in Kosovo

2.7%

the level of non-performing loans have decreased in Kosovo

increase feasible demand for loans".

The banking sector in Kosovo remains one of the most transparent sectors, where all financial statements, pricing for services and other details are published on a regular basis in accordance with the legal requirements and regulations in force. Also, the impact of the banking sector on financing the businesses and households' demands is quite substantial, making the country's economy continues to grow at a good pace despite many of the challenges it has been facing and continues to have. The average interest rate on loans at end-2018 was 5.99%, while non-performing loans remained low at only 2.7%. This is a substantial improvement in

interest rates when we consider that the banking sector still faces a number of obstacles in this market. Some of the biggest obstacles to the further development of this sector are the judiciary's efficiency in dealing with contract enforcement cases, the physical safety of the staff and bank property, high informality in the economy, high use of cash in small value transactions, and often inappropriate and disproportionate legislation on the parameters of Kosovo's financial sector. In this regard, even in 2019, the banking sector intends to increase access to finances and increase the quality of services to businesses and households in the country.



The banking in Billions with Diaspora

The incoming and outgoing transactions of banks in Kosovo with the different countries of the world, mainly those where the Kosovo diaspora is concentrated, exceed the value of 7 billion euro per year. Banking with the Diaspora, according to the statistics of the Central Bank of Kosovo, is developing from year to year, thus carrying about 600 thousand bank transactions throughout a year

The total financial amount of incoming and outgoing bank transfers has reached over 7.1 billion euro over ten months (January-October) of the last year with the different countries of the world, where Kosovo diaspora is mainly concentrated. Banking with the Diaspora, according to the Central Bank of the Republic of Kosovo, is constantly developing, while the main components in this regard are remittances, which have had an average annual growth rate over the last five

years of 8 percent.

Deputy Governor of Central Bank of Kosovo, Sokol Havolli, said that only over the January-October period of the previous year the total amount of incoming and outgoing transfers in commercial banks has achieved over 7.1 billion euro, where the largest value of these entry transfers were from England with 350 million euro, or 12.8% of the total international incomings during January-October 2018.

OUTGOING TRANSFERS 2017

Country	in number	(value in euro)	%in number	% in value
DE	37,408	511,507,079€	13.2%	10.5%
CH	36,672	124,902,600€	13.0%	2.6%
US	10,186	74,052,235€	3.6%	1.5%
GB	6,637	381,560,596€	2.3%	7.8%
AT	7,840	440,342,336€	2.8%	9.0%
Others	183,861	3,335,556,992€	65.1%	68.5%
Total	284,604	4,867,921,838€	100%	100%

OUTGOING TRANSFERS (OCTOBER - 2018)

Country	in number	(value in euro)	%in number	% in value
DE	32,145	506,173,177€	12.3%	11.6%
CH	34,514	96,772,081€	13.3%	2.2%
US	12,117	62,708,801€	4.7%	1.4%
GB	6,280	324,703,254€	2.4%	7.5%
AT	6,976	737,658,677€	2.7%	16.9%
Others	168,445	2,624,226,906€	64.7%	60.3%
Total	260,477	4,352,237,896€	100%	100%

Country	in number	(value in euro)
DE	-14.1%	-1%
CH	-5.9%	-22.5%
US	19%	-15.3%
GB	-5.4%	-14.9%
AT	-11%	-67.5%

Others
-8.4%

Total
-10.6%

INCOMING TRANSFERS 2017

Country	in number	(value in euro)	%in number	%in value
DE	41,089	329,436,394€	13.2%	11.5%
CH	71,775	222,174,835€	23.1%	7.8%
US	21,684	106,447,379€	7.0%	3.7%
GB	8,056	294,989,617€	2.6%	10.3%
AT	9,392	177,242,955€	3.0%	6.2%
Others	157,371	1,725,914,773€	51.0%	60.4%
Total	310,367	2,885,205,952€	100%	100%

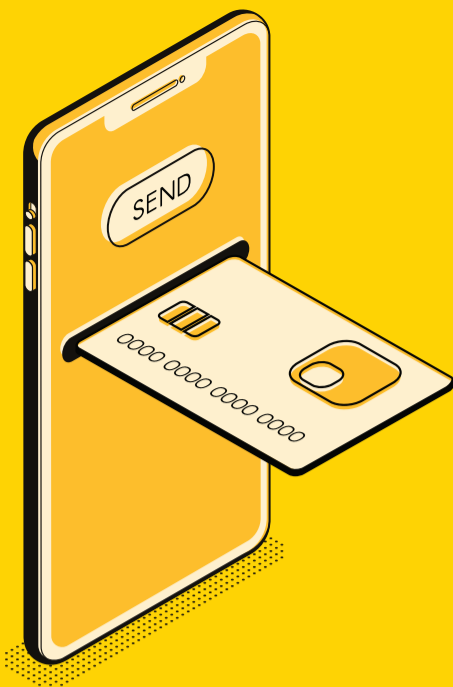
INCOMING TRANSFERS (OCTOBER - 2018)

Country	in number	(value in euro)	%in number	%in value
DE	35,976	288,320,801€	12.5%	10.6%
CH	67,443	197,126,193€	23.4%	7.2%
US	23,670	109,860,730€	8.2%	4.0%
GB	7,574	350,033,199€	2.6%	12.8%
AT	9,189	255,552,867€	3.2%	9.4%
Others	143,940	1,523,811,209€	50.0%	55.9%
Total	287,792	2,724,704,999€	100%	100%

Country	in number	(value in euro)
DE	-12.4%	-12.4%
CH	-6.0%	-11.2%
US	9.1%	3.2%
GB	-5.9%	18.6%
AT	-2.1%	44.1%

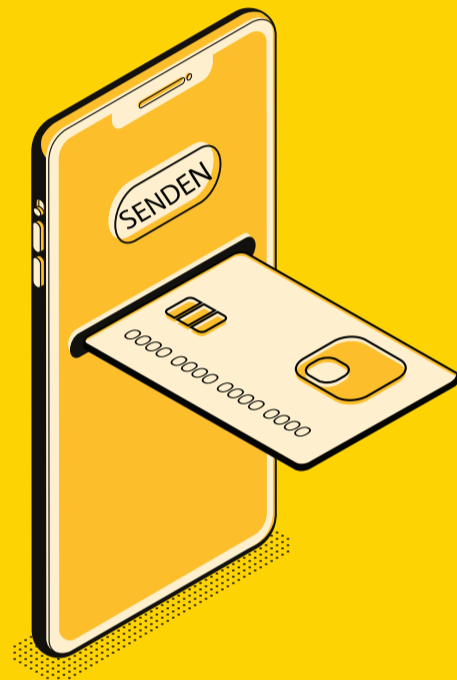
Others
-9.11%

Total
-11.7%



350.000.000€ use 12.8 %

of the total international incoming transfers was the total amount from England during January-October 2018.



288.300.000€ use 10.6 %

of the total international incoming transfers was the total amount from Germany during January-October 2018.

After England, according to him, the largest value of international incomings comes from Germany with a total of 288.3 million euro for the same period of time, or 10.6% of total transfers. Generally taken as a group, the international incoming transfers of Switzerland, Germany, the United States, England and Austria consist of 1.2 billion euro or 44.1% of total international transfers. When we add this to the fact that the main part of these transfers are remittances, for every single euro remittance sent through the banks, 44 euro cents are sent only from these five countries, Havolli said.

DURING 2017 MORE INCOMING AND OUTGOING TRANSFERS WITH GERMANY

During 2017, total incoming transfers had reached about 2.86 billion euro, while the total amount of outgoing transfers was 4.87 billion euro.

In 2017, incoming transfers by country were as follows: With Germany about 330 million euro or 11.5% in percentage, with Switzerland about 222 million euro or 7.8%, with the United States about 106 million euro or 3.7% with England about 294 million euro or 10.3%, with Austria about 177 million euro or 6.2%, and the remaining part of about 1.7 billion euro or 60.4% are incoming transfers with other countries.

Switzerland, Germany, England, Austria, the USA are the countries that dominate in delivering remittances.

While the outgoing transfers during 2017 by country were as follows: With Germany about 511 million euro, or expressed in percentage about 10.5%, with Switzerland about 125 million euro or 2.6%, with the US about 74 million euro or 1.5%, with England about 381 million euro or 7.8%, with Austria about 440 million euro or 9.0% and the rest of about 3.3 billion euro or 68.5% are outgoing transfers with other countries.

AROUND 600 THOUSAND BANK TRANSACTIONS YEARLY

Regarding the total number of transactions completed through the banking sector in 2017, according to the Deputy Governor, this number has reached about 593 thousand transactions. While during January-October 2018, this number of transactions reached 548,269. According to the Central Bank of Kosovo, the amount of transactions carried out with the US in 2017 was 180.5 million euro, or in numbers 31.870 transactions, while the rest of the amount and number of transactions was mainly realized with EU countries. The same trend maintained until October 2018, the amount of transactions completed with the US was EUR 172.5 million or in numbers 35.787 transactions, while the rest of the amount and the number of transactions were completed with mainly the EU countries", says Havolli.

7.100.000.000€

is the total amount of incoming and outgoing transfers completed by the Kosovo banking sector during January-October 2018

520.300.000€

was the total amount of remittances sent to Kosovo during January – September 2018.

548.269

is the total number of international transactions completed during January-October 2018.



8%

remittances have had an average annual growth rate over the last five years

FORMALIZING DELIVERANCES FROM DIASPORA

Deputy Governor Havolli says that the money sending to Kosovo from abroad is an important factor in the formalization of processes, because, according to him, everything related to the transfer of money is recorded. “Also, banks have developed their own infrastructure by developing advanced communication platforms and customer service facilitation. Overall, as a result of improved conditions regarding international transfers, the issue of security regarding physical transportation of money, and other reasons, the value of money being transferred for remittances and for other purposes is constantly increasing, he says.

FIGHTING INFORMAL ECONOMY THROUGH THE BANKING SECTOR

The finance Minister as well, Bedri Hamza, admits that the banking system is the main fighter of the informal economy, economic crime, but also corruption. According to him, the continuous growth of banking transactions through banks is a good barometer. “Like every other country in the world, we are also keen to eliminate the” cash “money and we have managed to achieve this, and regarding this, banks have a great merit,” said Minister Hamza. While Muhamet Sadiku, a well-known economist, says that commercial banks operating in our country have played and are also

playing a very important role in the struggle of the informal economy. Professor Sadiku says that in the past, most of the remittances have come through alternative routes, so far, according to him, most of them in our country come through banks operating in Kosovo. “In this respect, banks have played a very important role, as through the banking system we have a very accurate picture of the funds that come to our country”, Sadiku said. According to him, until recently the funds that have come from the diaspora have mainly ended up in consumption, but, as he says, in recent years our compatriots living in different countries of the world have participated in the privatization process as well as other big investments. All data, both for participation in privatization and investments, are taken through the banking system. So, the transactions through the banks completely eliminate the black economy and for this the banking system is giving a huge contribution, “said Muhamet Sadiku. Also, according to Professor Sadiku, remittances through banking routes also help the country’s institutions in creating the most accurate development policies. Kosovar citizens living in different countries of the world from now on should better be oriented in investments, because through investments new jobs are opened, but they also directly affect the economic development of our country,”

said Professor Sadiku.

THE FINANCIAL POTENTIAL OF DIASPORA TO BE MORE UTILIZED

Berat Rukiqi, chairman of the Kosovo Chamber of Commerce, says that the banking system ultimately has a particular significance in transferring funds into formal channels, but according to him, special banking instruments should also be created that would encourage co-financing in inventive projects and also in real estate. Furthermore, Rukiqi says that diaspora plays a key role in the country’s economic growth, being one of the main consumer financiers. But, according to him, what is missing is the absorption of the diaspora potential for job-creating investment and export growth. “It is not just the financial aspect that needs to be absorbed. It’s also important the know-how that diaspora has, as well as the exploitation of the network that diaspora has as a good opportunity for export growth and investment promotion. Definitely, the banking system has particular significance in transferring funds through formal channels, but special banking instruments should also be created in order to encourage co-financiers in projects, investments and real estate, “he said. According to the chairman of the Kosovo Chamber of Commerce, the government should create special packages of fiscal stimulus that can increase the diaspora investments in important development projects

Diaspora increases financial remittances through banks

Based on the statistics of the Central Bank of Kosovo (CBK), last year there was an increase of remittances from the Kosovar diaspora through the banking system. Over 13 years, only through banks, Kosovo diaspora has sent about 1.6 billion euro

About 1.6 billion euro is the total amount of remittances sent by the diaspora only through the Kosovo banking system over a thirteen-year period, respectively 2006-2018. This is reported in the statistics of the Central Bank of Kosovo (CBK), where there has been an increase of financial remittances through banking channels in recent years, while on the other hand there is a decrease of remittances through Money Transfers Agencies, but also through other ways.

Based on official data of the Central Bank of Kosovo, it can be seen that from the Diaspora, through the banking routes, during the first 11 months of the year that we left behind, have been received 112.8 million euro. During 2017, also from the Diaspora, 120.4 million euro have been received through banking transactions, during 2016, 116.3 million euro have been received, during 2015 our compatriots sent 121.1 million euro through banks, while during 2014 the total amount of remittances through banks was 115.2 million euro. During 2013, in the form of remittances have been received 115.4 million euro through banks, during 2012 have been received 92.6 million euro, during 2011 have been received 93.9 million euro, during 2010 have

been received 141.3 million euro, during 2009 have been received 148.8 million euro, during 2008 have been received 126.3 million euro, and during 2007 have been received 156.5 million euro”, it is reported in official reports of Central Bank of Kosovo.

Experts of the economic situation in the country, managers of important institutions as well, say that the diaspora has always played a very important role in maintaining economic stability in the country. But, according to them, the time has come for the Diaspora to change approach. Finance Minister Bedri Hamza says that diaspora remittances have been very important for the country of Kosovo. According to him, those funds have mainly been and are ending up in consumption. There is much deliverance from the diaspora, and it is very difficult to accumulate it and capital investments need to be made with them, because they are in very small amounts. But, there are many powerful businessmen in diaspora who have created capital in the countries where they work and operate, and they also have experience in management. As a government we need to create more opportunities for such people, “said Finance Minister Bedri Hamza.

**4.7
MILLION
EURO**

**more than
the same
period of
the previ-
ous year is
the sum of
diaspora
remittanc-
es through
commer-
cial banks
operating
in Kosovo**

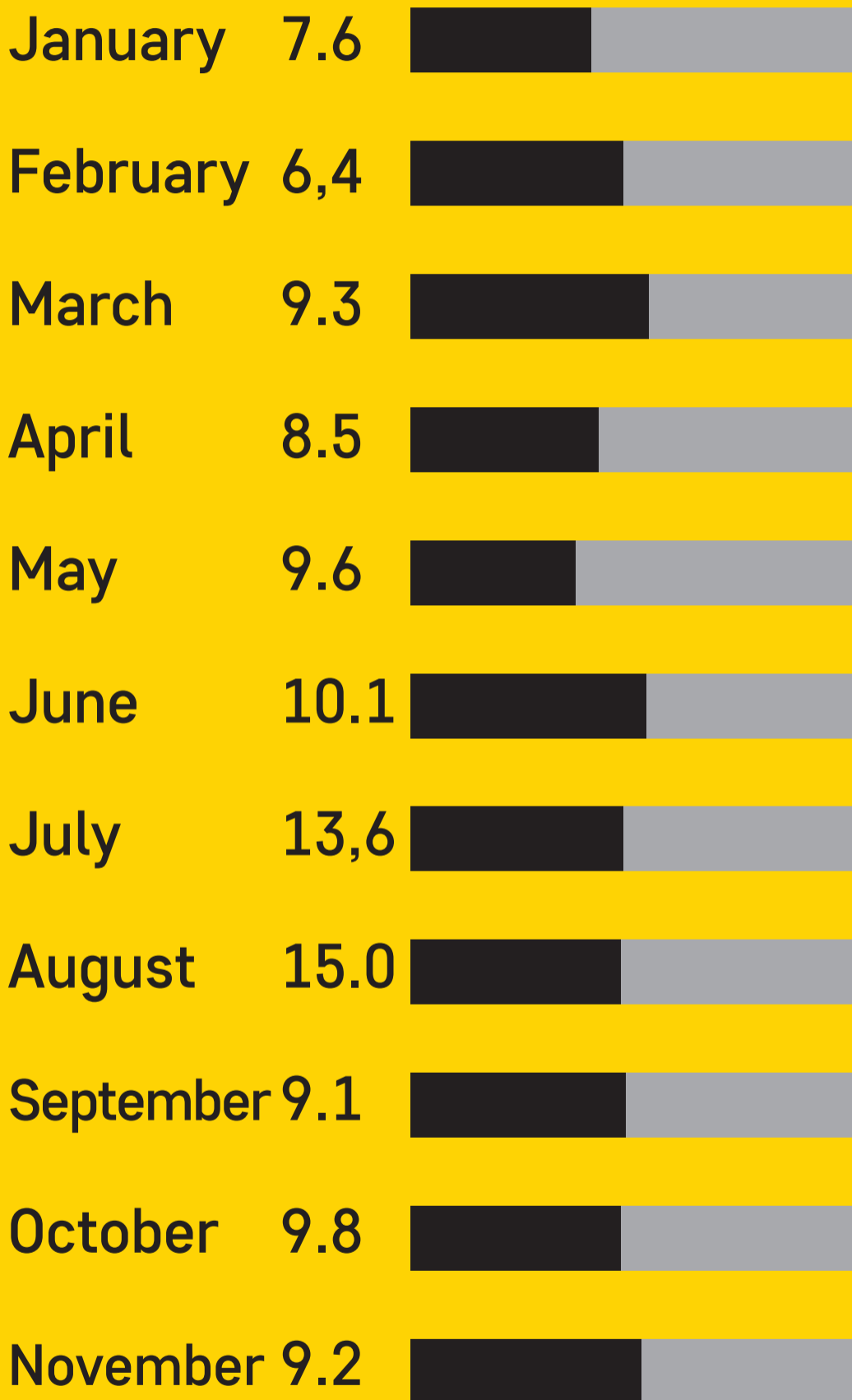
Remittances sent through banks

The data are in million euro)

2018 :1-11	112.8
2017	120.4
2016	116.3
2015	121.1
2014	115.2
2013	115.4
2012	92.6
2011	93.9
2010	141.3
2009	148.8
2008	126.3
2007	156.5
2006	135.1

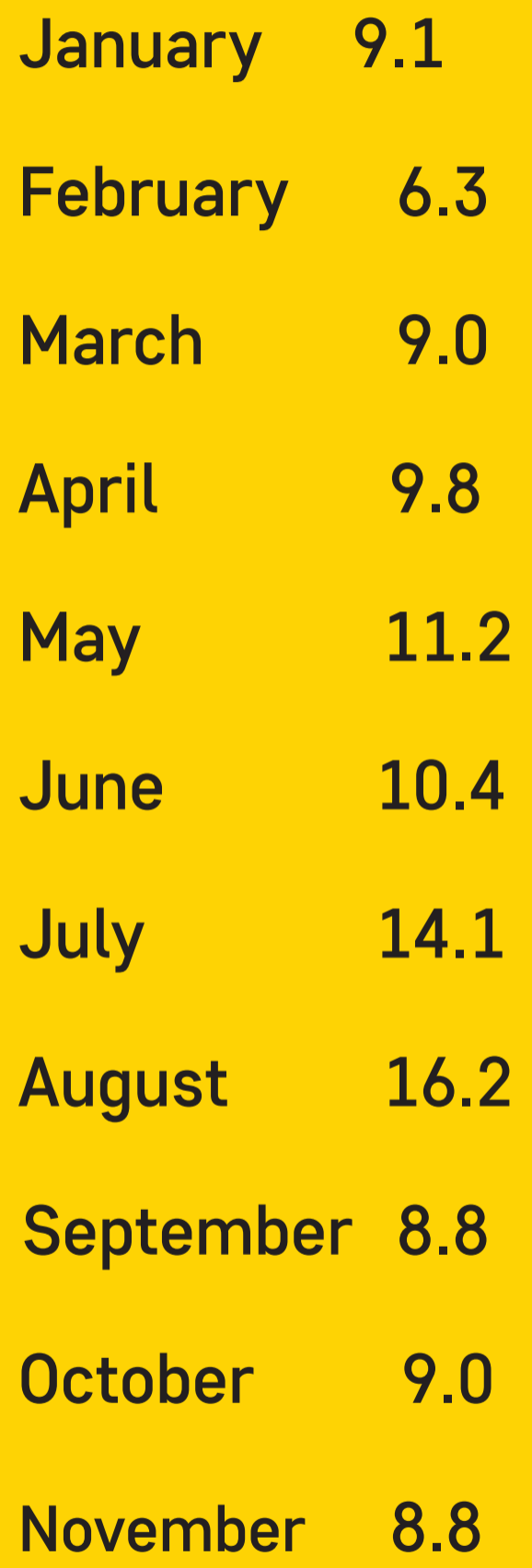
**Total:
1.491.8
billion euro**

Janar – nëntor 2017



Total: 108.1

Janar – nëntor 2018



Total: 112.8

Jupa: We expect an increase in investment

Deputy Minister of Trade and Industry, Bekim Jupa, said that during this year they are expecting huge investments in Kosovo, whereby the country's government has created the necessary legal infrastructure for foreign investors

During 2019, in Kosovo are expected huge foreign investments. This notice is given by Deputy Minister of Trade and Industry, Bekim Jupa. Among other things, he added that recently, with the proposal of Minister Endrit Shala, the country's government has taken the decision to give the status of strategic investor to the German-Kosovo company for the production of renewable energy "Sowi Kosovo", which has planned to invest 170 million euro in the next 5 years. During this interview, Jupa also talked about diaspora investments in Kosovo, saying they are not sending just money for consumption, but, as he says, are also investing in manufacturing businesses.

Deputy Minister Jupa expects that 2019 will be the year of economic revolution, since, as he says, we already have the first strategic investors in Kosovo. Deputy Minister of Trade and Industry, talking about the success of foreign businesses in Kosovo has also mentioned the success of investors in the banking sector, out of 10 commercial banks operating in the country, 8 of them are foreign-owned and all these are stories of success.

Z. Jupa, the annual remittances coming from the diaspora through the Kosovo banking reach the amount of about 700 million euro yearly. But most of these funds go mainly into consumption and there is little investment from diaspora in the manufacturing sector. Do you have any government strategy that the Kosovar diaspora be more involved in the economic development of the country?

Jupa: As in the past, but also presently, the diaspora is playing a very important role. While in the past their role was more of a social role, the diaspora recently has played an important role in the economic development of the country. This is due to the fact that our compatriots living in different countries of the world are not sending money only for consumption in order to feed a part of their family which



We believe that 2019 will be a year of economic revolution because we already have the first strategic investors who plan to realize their projects in our country this year.

is in Kosovo.

Their approach and care to the country has changed, they are investing in Kosovo, investments that are creating new jobs. The Government of Kosovo, respectively Ministry of Trade and Industry, has given particular importance to the Diaspora in general. We continually inform them about the opportunities that Kosovo offers to invest and to do business, inform them about the many benefits they may have compared to investments in the countries of the region, but also about the fiscal infrastructure of our country, which is among the most favorable in the region. Based on the official data that we have, during 2017, in our country in the form

of remittances came 759.2 million euro, while only during the first 11 months of

2018 came 731.5 million euro, which undoubtedly one part of them are invested in manufacturing businesses. Also, in the first 11 months of 2018, in the form of foreign direct investments, 220 million euro have been received in Kosovo.

We believe that 2019 will be a year of economic revolution because we already have the first strategic investors who plan to realize their projects in our country this year. Thanks to the good environment to do business in our country, we already have many investors who are oriented to different sectors; such is banking, which we highlighted above as an example of success. But we must also mention that there are many other successful stories.

ADVANTAGES FOR INVESTMENT IN KOSOVO

Within the Ministry of Trade, the Kosovo Investment Promotion Agency of Kosovo functions as well. How much is this agency working with representatives of Kosovar business in Diaspora for bringing their capital to Kosovo?

Jupa: The Kosovo Investment Promotion Agency of Kosovo has done and is doing a wonderful job in promoting Kosovo's resources and economic potential in different countries of the world. As I said above, thanks to the good reforms that have been made and the right measures, the business environment in the Republic of Kosovo is among the most competitive in the region.

Taking these steps has created advantages, such as the favorable tax system, the sufficient natural resources, fast and easy registration of businesses, transparent laws on foreign investment, but also other advantages. All of this makes Kosovo an attractive and favorable environment for foreign investors.

For companies seeking to invest in a country with small expenses, easy access to the EU, central Europe and the Balkan markets, Kosovo is seen as an attractive opportunity. Also, in the World Bank's reports for doing business, Kosovo is showing better results each year, confirming the country's progress in implementing reforms and improving the business climate.

Have you talked about the requirements of diaspora representatives to invest in Kosovo?

Jupa: Our contacts with our fellow countrymen living in different countries of the world are continuous. Kosovo's institutions are continuously available to them for whatever they need. All potential investors who have expressed interest in investing in our country have been provided with all the information they need to make it easier for them to bring their financial capital. Some of foreign investors who have expressed interest in investing in our country have asked the government for land (space)



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for investment. Unfortunately, in some cases we have been unable to meet these requirements due to the legal infrastructure still in force. But MTI, same as for the local investors, had the Drenas Business Park available, which meets all the foreseen standards. Also during the last year, in different locations in Kosovo, we have also created several business parks so that we offer potential investors as much as good conditions and environment for doing business.

15 TRADE FARES DURING THIS YEAR

How are Kosovar businesses able to sell their products to Europe, respectively in countries where Kosovo diaspora is concentrated?

Jupa: PKosovar manufacturers, thanks to the high quality and high standards they are applying, are expanding the market more and more every day in the region, Europe and even farther. In order to promote their businesses as much as possible, during the past year

we helped businesses to participate in the trade fairs: "Pro Wein" in Germany, "PLMa" in the Netherlands, "SIAL" in France, "PLMA" in the United States, "ITB" in Germany, "Destination Nature" in France, "Fiera della Grazie" in Italy, "Turism Expo" in Japan, and the "MOW" Fair in Germany.

So, only during 2018, there were 9 international fairs. The number of companies participating in these fairs is 41, and the number of products exhibited at these fairs was 282. While for 2019 are foreseen 15 international trade fairs, where 2 of them were already held, in which 10 companies from Kosovo have participated, we also have another 13 fairs that we will organize this year.

During participation in trade fairs, local producers have managed to conclude large contracts. This is a good indicator and evidence for grow of the Kosovo's exports. Based on the statistics we have, Kosovo's exports to EU countries in December 2018 reached up to 7.3 million euro, or about 25.0% of total exports, which is an increase of 7.1%. Main partners for exporting the goods in EU were Germany with 6.7% the Netherlands with 3.4%, Italy by 2.8%, Slovenia by 2.3% and so on.

In December 2018, Kosovo exports to CEFTA countries reached 13.3 million euro, or 45.3% of total exports, with is an increase of 11.8%. The main export partners from CEFTA countries are: Albania with 23.0%, Macedonia with 10.8%, Serbia with 5.6%, and Montenegro with 4.6%.

Meanwhile, Kosovo's exports to other countries of the world reached 8.7 million euro, or 29.7%. As the most important export partners in these countries are worth mentioning: India 19.0% and Switzerland with 5.7%.

Is any major investment expected to happen in Kosovo by local diaspora representatives?

Jupa: During this year we expect in our country to have huge investments and for this the Government of Kosovo has now created the necessary infrastructure. A few days ago, with the proposal of the Minister of Trade and Industry, Endrit Shala, the Government of Kosovo made the decision to give the status of strategic investor to the German-Kosovar renewable energy company "Sowi Kosovo L.L.C". Based on the presented plan by the company, within 5 years it is planned to invest around 170 million euro in our country.

More specifically, it is foreseen that the investment will be in Selca and Bajgora in Mitrovica.

We also have an interest of other foreign investors to invest in the power sector, mining, wastewater management, the health sector, and other sectors. Therefore, the Government's decision to declare this strategic investor is a great news for our country.

10 banks, 3256 employees

The total number of commercial banks operating in the Republic of Kosovo is ten, eight of which are of foreign capital, while two are of domestic capital. According to a report of the Central Bank of Kosovo (CBK) for November 2018, the foreign ownership of commercial banks is

87 percent, while 13 percent is domestic. "The number of units of the commercial banks in Kosovo is 225," says among other things in the CBK report. Kosovo's banking system, according to the CBK report, is one of the biggest employers in the private sector, as the total number of

employees is 3256. On the other hand, the total value of banking sector assets exceeds 4 billion euro. The total amount of loans approved at the end last year has reached about 2.75 billion euro, while the total deposits have reached 3.25 billion euro.



2.750.000.000€

is the total value of loans approved by commercial banks in Kosovo

4.000.000.000€

is the total value of assets in banking sector

3.250.000.000€

is the total value of deposits in commercial banks

10

is the number of commercial banks in Kosovo



8

commercial banks are foreign-owned



3256

is the number of total employees in the banking sector



About 1.5 billion euro' foreign investments in banks and real estate

Out of 3,5 billion euro of foreign direct investments in Kosovo over the last twelve years' period, about 1.5 billion euro have been investments in the banking and real estate sectors.

The banking and real estate sectors continue to be among the most attractive sectors for foreign investors in Kosovo, while Germany remains the country with the largest direct investments in our country. Based on the official data of the Central Bank of Kosovo (CBK) it is seen that only in these two sectors (banks and real estate) in Kosovo are invested more than 1.5 billion euro, out of a total of 3.5 billion euro recorded foreign investments from 2007 until last November.

GERMAN INVESTORS LEAD

According to the data of the Central Bank of Kosovo it can be noticed that during the last 12 years, investments from Germany occupy the first place with 609 million euro, followed by investors from Switzerland with 498 million euro. Investors from Turkey occupy the

third place for the volume of investments for 12 years, where from this country as foreign direct investments are evidenced 366 million euro in our country, while in fourth place for the amount of investment is the UK with 343 million euro. Over the years, a considerable amount of 226 million euro has been invested by businessmen from Albania, while Slovenia has invested 209 million euro. Businessmen from the United States, according to official data from CBK, have spent 174 million euro in the country over the past 12 years. Economic experts, but also representatives of the institutions in the country, say that foreign investments have had a direct impact on the country's economic development. According to them, the banking sector has played an important role in this regard as most of it has foreign capital.

BANKING SECTOR, STORY OF SUCCESS FOR INVESTORS

Haki Shatri, advisor to Kosovo Prime Minister Ramush Haradinaj, says the country's government pays a particular importance to foreign direct investments in our country.

According to him, the Institutions continuously have been trying to create as good conditions as possible for foreign investors who have invested a part of their capital in our country. In this regard, according to him, as a success story can be considered the banking sector that is very stable and attractive for foreign investors.

"Foreign investors are focused on investing more in the financial and real estate sector as they are more consolidated and attractive," he said.

Foreign Direct Investment in Kosovo

Country	2018 (1-11)	2017	2016	2015	2014	2013
Austria	6.6	20.3	9.9	33.5	30.3	10.7
Germany	57.3	55.9	25.7	45.3	29.4	21.7
Slovenia	-0.3	1.2	-4.5	5.6	-9.4	7.0
England	13.2	27.0	13.6	26.6	-39.5	10.7
Switzerland	62.9	50.6	61.8	72.9	38.2	41.7
Turkey	-15.4	29.5	42.7	55.4	20.0	88.6
Netherlands	10.1	-14.1	-23.1	-36.4	-7.8	0.1
Albania	19.1	2.4	28.6	40.1	20.4	19.3
Luxembourg	2.2	2.1	0.6	0.1	1.2	2.3
Serbia	0.2	-1.4	0.6	0.8	2.4	5.7
USA	18.1	20.3	23.0	25.0	14.7	12.7
France	4.8	3.6	2.8	3.2	3.3	3.8
Bulgaria	2.1	0.5	0.4	1.6	14.5	5.6
Macedonia	2.6	-1.0	3.2	0.1	3.2	4.6
Bosnia	0.4	0.7	1.2	0.8	0.3	0.2
Croatia	0.1	0.7	-1.7	0.1	1.1	1.3
Malta	0.0	0.0	0.1	0.1	0.1	3.1
Cyprus	1.2	0.8	0.4	0.1	0.3	0.3
Slovakia	0.5	0.1	0.8	0.1	0.1	0.2
Canada	3.1	3.0	2.5	1.1	0.9	1.2
Czech Republic	1.5	0.7	0.2	1.3	0.4	0.2
Emirates	-3.7	13.4	3.6	1.4	1.3	-0.8
Norway	4.5	3.5	3.4	2.9	5.9	4.7
Kuwait	-1.1	0.0	0.2	0.0	0.5	2.0
Spain	0.2	2.5	0.2	-0.8	0.1	0.2
Egypt	0.0	0.0	/	0.0	0.1	/
Italy	1.9	7.0	1.9	5.7	3.3	8.7
Greece	-0.1	7.0	1.9	5.7	3.3	8.7
Others	27.2	27.3	23.3	22.4	16.6	25.2

in the period 2007-2018

2012	2011	2010	2009	2008	2007	TOTAL
0.2	19.6	21.1	15.5	51.3	35.4	254,4
49.2	66.6	31.5	75.2	44.0	48.1	609.9
8.0	16.2	43.0	50.8	44.3	56.2	209.1
14.3	80.1	38.9	6.2	36.6	116.2	343.9
39.7	30.9	35.1	22.7	32.1	9.7	498.4
62.7	34.7	4.9	14.5	23.8	5.4	366.7
-26.7	4.7	17.2	23.1	25.9	41.2	14.0
16.8	11.2	20.3	23.3	21.4	3.4	226.7
1.3	0.5	0.4	8.3	6.0	13.1	38.2
0.5	0.4	0.4	0.6	5.5	0.0	14.6
8.5	14.3	12.6	11.6	4.8	8.8	174.8
6.9	0.2	3.8	6.0	3.5	8.6	50.4
8.1	3.4	0.0	/	2.8	14.2	53.3
-9.6	5.8	1.8	1.5	2.0	0.4	14.6
0.0	0.1	0.8	0.5	0.7	0.2	5.9
0.4	2.9	1.8	0.7	0.7	5.8	13.9
4.3	0.2	0.9	/	0.6	0.3	9.6
0.3	1.0	0.0	0.3	0.3	0.1	5.0
/	0.0	0.0	0.1	0.2	0.0	2.1
1.3	0.5	0.8	0.3	0.2	0.6	15.4
5.7	1.3	0.0	0.4	0.2	0.1	11.9
0.8	6.5	8.7	0.1	0.1	/	32.1
2.4	2.5	3.3	2.5	0.1	0.6	36.3
0.6	0.2	1.6	0.5	0.1	/	4.6
0.2	/	0.1	0.1	0.1	1.0	4.0
0.1	/	/	0.1	0.1	/	0.4
3.9	1.7	6.6	6.0	0.1	5.5	52.2
3.9	1.7	6.6	6.0	0.1	5.5	6.1
28.7	78.6	55.8	15.9	61.9	63.5	446.5

Advances of banking services are fighting tax evasion



PROF. DR. IBISH MAZREKU

It is known that remittances are very important factors of economic development in Kosovo. If we analyze the remittances of our citizens after the war, it turns out that since then, remittances in Kosovo have been doubled every year. This growth has continued until the global financial crisis of 2008. Even after this crisis, remittances have been growing year-on-year, but this growth is a one-digit, indicating that the global financial crisis has affected sending remittances to Kosovo through different paths.

If we make an analysis by dividing our emigrants into groups, e.g. through periods, such as: emigrants through 1960-1970, emigrants through 1989-97, 1998-1999 emigrants, and post-conflict emigrants, it is easy to conclude that they had easier circumstances to save money, because they lived alone, without family and all the brought all of their savings to their homeland. These funds are mainly used for the wellbeing of the family, not for any investment. However, this has diminished over time due to the change of their lifestyle. It is clear that remittances mature over time as a result of different lifestyle, and their amount is smaller.

The question that arises is, what are the routes through which these remittances are sent, are those ways through the financial system, through commercial banks, money transfer institutions, or physical remittances through relatives or any other way out of the financial system. Sending remittances through the financial system whatever it is, enables us to track the trend of remittances from year to year, but there is always a dilemma about real remittances, especially those outside the financial system. CBK or even relevant institutions in this regard use methods that can approximately tell us which are the real remittances.

According to the current information, we see that post-war remittances are sent mainly physically, also due to payment of the financial/banking system. With the launch of the banking system in Kosovo, this system began to be used, but still on minimal scale. This system has been gradually developed by applying the modern technologies. With the implementation of the swift code of Kosovo, opportunities and conditions have been created for the banking system and financial institutions to be utilized

more. Recently, there is a trend that emigrants for remittances in small amounts, that are mainly used remittances from various emigrants to be in small amounts which are mainly used for household consumption.

Today we have a dilemma on how to use the funds of diaspora more effectively; there are different ideas and proposals, and even a governmental division for the diaspora. Nowadays it is often proclaimed that we should have a diaspora bank that would use its own funds for the economic development of the country, especially those major projects that would generate economic development and job opportunities. The question is what would be the legal status of this bank, who would be the owners, how it would be managed, what would be the diaspora motivation ways to use this bank for deposit of individual or corporate assets etc. So far, we have not found an efficient model of how diaspora should be better utilized. Probably the positive initiatives should come from diaspora businesses that are organized across Europe and America.

How would banks, or the banking system in Kosovo, play a role in fighting economic informality of businesses? It is known that the key role in fighting economic informality and fiscal evasion is played by the state through relevant institutions of the economy, public institutions and law institutions. The role of the banking system would be more in terms of logistics infrastructure. The use of the banking system would enable all the possible financial transactions to be made through the banking system, and through this system the state could follow the economic trends and then reduce the obligations deriving from these transactions, i.e. collection of taxes according to the laws in force. Informing the businesses through the use of technology and systems for online purchase and payment, not only would record the financial transactions, but also would avoid the usage of cash. Banks play an important role by making citizens and businesses aware of using the banking system to carry out economic activities. Awareness of citizens about the use of bank cards is the task of financial institutions, regulators and commercial banks. Increase of the use of cards would reduce the fiscal evasion.

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