

Dear Chairman of the Board of the Banking Association Mr. Aliu,  
Dear Vice Chairman of the Banking Association Board, Mr. Wright,  
Dear Executive Director of the Banking Association Mr. Balija,  
Dear representatives of financial institutions,  
Dear participants,  
Ladies and gentleman

It is a special pleasure of addressing you today at the Annual Conference of the Banking Association of Kosovo, which I would like to congratulate on the organization as well as on the selection of a very important topic in the banking sector and beyond: *"Reducing Cash Transactions: Opportunities and Challenges"*.

The banking sector in Kosovo continues to play a key role in the country's economic development. Even this year, this sector continued to improve its access to finance for businesses and individuals, improved asset quality and lending conditions, thus remaining a well-capitalized and profitable sector. Also, this year, banks have invested in the quality of banking services through technology and innovation in advancing customer services.

Over the last few years, recent developments and innovations in information technology have led to the advancement of electronic instruments in the field of payment systems as well as infrastructure and financial services in general. We are witnessing a rapid technological development, which has eliminated physical boundaries and facilitated access to electronic payment instruments, services and platforms. In any case, the inclusion of innovative platforms and services in the field of payment systems should be done with great care, focused in providing secure, efficient, fast and desirable services to the client.

The role of the CBK in achieving its objectives requires harmonization of efforts with banks and institutions providing payment services. Therefore, the efficient, secure, fast and sustainable functioning of the payment system, as a key pillar of the financial infrastructure and domestic economy is one of the primary objectives of the CBK. In order to meet this objective, the CBK directly engages and continuously supports the advancement of financial

and technological infrastructure to increase the use of electronic instruments in order to reduce cash transactions.

The Central Bank has shown ongoing commitment to this area and within its competencies has driven initiatives to reduce cash and at the same time has supported banks and institutions with advanced legal infrastructure to facilitate the use of electronic instruments for increased security and confidence in using new payment platforms. Concretely, this has been achieved by:

- Developing a set of regulations, guidelines and agreements in accordance with international standards and best practices;
- Refining and automating clearing and settlement processes of the Central Bank Interbank Payment Systems;
- Building bridges of cooperation with domestic and international institutions as well as companies to assist the financial sector in Kosovo;
- Creating and developing payment schemes (Kos Giro, Direct Debit);
- Launching financial education program for customer financial awareness regarding innovative payment services, consumer protection, and
- Organizing seminars, trainings and regular working meetings to promote payment schemes, increase the use of electronic schemes and instruments and to reduce cash transactions.

The government relevant administrative structures have a determining role in regulating this field.

The Kosovo Government institutions have contributed to this process by obliging financial institutions and businesses in payment of obligations and public and administrative services only through bank accounts.

It is also to be noted that commercial banks in Kosovo have been very proactive in undertaking initiatives and actions for new developments and adaptations of the most modern technologies, comparable to those of Western European countries.

Currently there are nearly 2 million active bank accounts, 1 million bank cards (debit and credit), over 10 thousand POS terminals, over 500 ATMs, and about 200 thousand e-banking accounts. As the result, transactions with electronic instruments have marked an upward trend, and compared to the previous year there has been an increase in value of card transactions at over 10% and in e-banking transactions at over 50%.

Although statistics show that there has been an increased use of electronic instruments in recent years in Kosovo, compared to European countries the indicators point to a still low level of use of electronic payment instruments and there is a gap between our country and countries in Europe, where over 80% of adults use bank cards while in Kosovo only 50%.

The role of banks, in this regard, is and remains important and somewhat irreplaceable in terms of financial education for increasing the use of electronic payment services and for reducing the use of cash.

In fact, all of us (the CBK, commercial banks, government institutions and other stakeholders) must undertake ongoing initiatives and actions to increase non-cash transactions in the economy of our country.

There is a room for the CBK and the country's commercial banks to increase engagement around the National Payments Council to address and analyze the current situation as well as to plan future developments by exploring and receiving international experiences and best practices. Also, our institutions, through regular activities and specific projects can intensify activities related to completing the payment system infrastructure.

At the same time, there is a need to deepen and expand the financial knowledge of banks' customers. By which, will not only be achieved a high social impact, but also it serves the sustainable development of banking activity through new banking products and services in the country.

Given that in the forthcoming sessions of this conference, the possibilities and challenges for reducing cash transactions will be discussed in greater detail, conclusions can be drawn in order to take further steps in reducing cash in use.

So, I conclude my speech here, reiterating the high appreciation for the so far achievements in providing of electronic payment services and the confidence for further progress in the future.

By congratulating you once again for the realization of today's conference, I wish you successful proceedings.

Thank You!