

Honorable media representatives,

I am pleased to launch today the beginning of Global Money Week in Kosovo, which the CBK now is marking every year through various activities, aiming to help the increase of the financial education of the public. The motto of the International Monetary Week in Kosovo for this year is "Learning to earn and save more" which indicates the importance of proper money management by individuals that results in more profits and savings leading to greater economic development and greater welfare for all citizens.

Activities related to the Global Money Week are a crown of financial education activities that the CBK develops throughout the year with a special focus on children and young people. Financial education contributes directly in raising citizens' awareness on money management as well as the opportunities provided by the country's financial system, thus enabling them to make smarter financial and economic decisions. All this contributes to a more stable financial system, which is also the primary objective of the CBK.

Moreover, the financial education, every day, more and more, is considered as a very important tool to influence the reduction of economic inequality. Therefore, apart from the economic aspect, financial education is of great social importance as well.

We will start the activities of the Global Money Week 2018, in the premises of the CBK Training and Financial Education Center with the various activities for schoolchildren aiming to promote education on savings among the children.

The second phase of this organization is dedicated to students from various universities in Kosovo, who will have the opportunity to attend presentations and talk with representatives of the CBK senior management on current developments in the country's financial system.

The third phase of the International Monetary Week is also dedicated to university students operating in Kosovo invited to participate in the video contest in the field of financial education, which aims to promote financial education and find more attractive ways for dissemination of financial education information to the public.

In addition, within the regular activities for promoting financial education, I am pleased to inform you that the CBK will launch the "financial education" website, in the frame of the official CBK website, where Kosovo citizens will be able to access the different educational materials.

When talking about money and savings, we cannot but talk about banking institutions, which have a very important role to mobilize savings and channel them to more productive uses. So, on this occasion, allow me to give you a brief overview of the main developments that have characterized the country's banking system over the last period.

The lending activity of the country's banking sector continued to grow during the past year, thus serving as one of the main sources of financing of the country's economy. The total value of banking sector loans in 2017 amounted to 2.48 billion euros, which represents an annual growth of 11.5 percent. The steady growth of banking lending continues to be mainly funded by domestic deposits, which amounted to 3.1 billion euros, and increased by 6.7 percent compared to the previous year. The continued growth of deposits in the banking sector shows the potential

of the country's economy to generate savings and at the same time confirms the trust of citizens in the Kosovo banking sector.

Banking lending, besides being characterized by steady growth, consistently improved the financing conditions for businesses and households, thus further strengthening its role in financing the country's economic development. On this occasion, I would like to emphasize the substantial decrease in interest rates on bank loans, which have now decreased to the regional average level, promoting the demand for loans and enabling the realization of many investment projects that would not happen without bank financing. By the end of 2017, the average loan interest rate stands at 6.1 percent, showing a significant decrease in interest rates.

In the frame of organizing the Global Money Week, with the savings as a the core of the motto, I would like to emphasize that the sustainability of the banking sector, which is essential for encouraging the savings of citizens, during 2018 marked further growth. The banking sector of Kosovo has consistently maintained a strong liquidity position, which proves the ability of banks to meet their liabilities and capital adequacy in time. Liquidity position of the banking sector in 2017 was 38.2 percent, which is well above the required regulatory minimum. Capital adequacy indicators at the end of 2017 continued to exceed regulatory requirements, total capital in relation to risk weighted assets, stood at 18%, while capital adequacy ratio of 1st tier capital was 16.2% compared to regulatory requirements of 12% and 8% respectively.

The good quality of the loan portfolio that which has consistently shown the soundness of the banking sector, during 2017 marked further improvement in quality. The non-performing loans ratio declined to 3.1 % this year, from 8.7% at the beginning of 2014, which in percentage terms represents a decline of 63.7 %.

At the same time, I would like to emphasize that the current rate of nonperforming loans represents the lowest rate recorded in more than 10 years in the banking system of the Republic of Kosovo. Expressed in absolute terms, the value of nonperforming loans from 154 million at the beginning of 2014, halved to 77 million at the end of 2017.

Over the past few years, Kosovo's banking sector has also made significant progress in digitizing financial services through the introduction of more modern technologies, which is providing citizens and businesses an easier and less costly access to banking services. 2017 has marked an increase in the use of banking services through electronic platforms, which has an impact on increasing the efficiency of both banks and users of these services. As a good example of increasing the use of these services, is the 26.6 percent annual growth of payments through 'e-banking' platforms. However, in order to increase the efficiency of these services, banks are encouraged to continue their engagement in financial education of public, which will hasten the time for a quicker penetration of these financial services to the public.

Similarly, to the banking sector, favorable developments have also characterized other components of the Kosovo financial system. The microfinance and non-bank financial institutions sector is increasingly empowering its role in financing the country's economy through micro-credits, which in 2017 amounted to euro 144.2 million and recorded an annual growth of 32.4 percent.

The pension system is successfully managing the pension savings of Kosovo citizens, by maintaining and increasing the value of these savings. Return on investments of the Kosovo Savings Pension Fund in 2017 was 102.6 million euros.

The insurance companies sector, whose activity is mainly based on the provision of compulsory insurance products, is increasing the voluntary insurance activity that is very important for reducing risk and increasing activity in the insurance industry of the country. During 2018, the insurance sector in Kosovo, thanks to the intensive engagement of the CBK and insurance companies, has made significant progress in terms of financial performance and financial sustainability of this sector and managed to reach a positive financial result of about net 6.9 million euros. This is of specific importance to the future of this sector taking into consideration the fact that it was consistently characterized by financial fragility.

In conclusion, I would like to thank you for the presence and also to point out that the interest and willingness of the media to attend and broadcast our activities during the Global Money Week has made them a very important partner in promoting financial education in Kosovo. We remain strongly committed to increase our activity in this field, and at the same time, I would like to invite all financial institutions operating in Kosovo as well as various associations representing financial institutions to pay greater attention to the financial education of the public.