



Honoured Mr. Oberhuber,  
Honoured Mr. Dinkelborg  
Honoured Mr. Aliu,  
Honoured Mr. Engels,  
Honoured Mr. Elsen.

Dear representatives of regional central banks  
Dear representatives of commercial banks in Kosovo  
Dear guests

Welcome to Prevala, Kosovo, and thank you for attending the workshop “Western Balkans: Regulatory Banking Reform and its implementation – challenges ahead”, organized jointly by the Central Bank of the Republic of Kosovo and German GIZ. On this occasion, I would like to express my gratitude to the ProCredit Bank and Kosovo Banking Association for supporting the organization of this workshop.

Certainly, this workshop would be pointless without the essential support provided by the representatives of the Single Resolution Board, Bundesbank, BaFin, CEB and the Bank of Slovenia, who by accepting the invitation to this workshop have once again expressed their commitment in helping the countries in our region toward an easier convergence of their standards. Furthermore, I would like to thank the participants from regional central banks and the representatives of commercial banks operating in Kosovo for their participation, and the important contribution they are expected to provide during this workshop.

While taking into consideration the financial industry development dynamics and the financial stability’s ever-growing importance for the country’s economic development, the CBK has, similar to other regional central banks, in due time, established the continued implementation of best international standards in financial regulation as an important priority.

The development dynamics of international financial regulatory requires Central Banks to have significant implementation resources, and this surely poses an important challenge for the smaller Central Banks, as is the case with CBK and other banks in our region. However, through such organizations, we will be able to combine our energies and experiences, so that we can be more effective in following and implementing best international practices.

That is why this workshop was designed to have here our partners from institutions with significant achievements in this field, so that they can inform and explain us the recent developments in regulatory requirements, and also help to better understand what lies ahead of us.

For a new banking system, as is the case of Kosovo, the implementation of Basel III, IFRS 9 and implementation of genuine procedures for banks liquidation (bank resolution) was, and still is, rather challenging. However, with the support of our international friends we have managed to achieve significant successes and today our financial regulatory has managed to support the sustainable development of our country's financial system.

Kosovo's banking sector remains one of the most important sectors, with a trend of constant growth. Additionally, during 2018 the banking sector demonstrated the stability of liquidity, profitability and equity components. Based on the latest data in June 2018, the total assets value in the banking sectors reached EUR 3,9 billions, whereas the structure remained mainly financed by deposits, and focused in lending activity.

The total banking sector credit value in June 2018 stood at around EUR 2.7 billion, which marks an annual increase of 11.3%. The Non-Performing Loans indicator was reduced to 2.8% at the end of June, from 3.9% in the same period of the previous year, which shows for a very sound business of banks operating in our country. Total deposits amounted to around EUR 3, 1 billion, whereas the banking sector liquidity situation remains stable. The ratio of liquidity assets to liabilities with maturity of one year is estimated to be 33.2%, which is highly over the regulatory requirement of 25.0%.

The banking sector remains well-capitalized. The risk-based capital indicator in June 2018 stood at 17.4%, which is higher than CBK's regulatory requirement of 12.0%.

This brief picture shows that Kosovo's banking sector is having a satisfactory period, and is in compliance with regulatory requirements. In general, the banking sector of regional banks is also characterized with a satisfactory situation. Therefore, I consider this to be the right time for gathering our strengths and working more intensively toward advancing our capacities.

Consequently, I believe this to be a good opportunity, for all representatives of Western Balkans' Central Banks, so that we use the presentations and the dedicated panels to better understand the recent developments in the financial regulative, and to make use of this opportunity for obtaining actual guidelines from our esteemed speakers with regard to the future steps. I consider that the presence of commercial banks will enrich the discussions, and will allow us to paint a clearer picture with regard to issues that will be discussed in the workshop.

I hope that the excellent spirit of cooperation between regional central banks, our partners from international financial institutions, and the financial industry in general, will continue to grow further, and hope that this workshop will give a great contribution toward the enhancement of our cooperation.

Finally, please allow me to wish you for fruitful, successful, and interesting discussions during this workshop, and to also wish you a pleasant stay in the Sharri Mountains.