

**Project management group meeting for “reducing cash transactions in Kosovo”  
within the National Payments Council (NPC)**

Meeting minutes

**Nr: 4/2011**

**Place:** Central Bank of the Republic of Kosovo (CBK)

**Date:** September 21<sup>st</sup> 2011

**Time:** 11:00 – 12:10

**Participants:**

**Robert Wright**, CEO, Raiffeisen Bank (*chairman*)  
**Arzen Çavdarbasha**, Development Coordinator IPSD, CBK  
**Masar Baxhaku**, Oversight Officer IPSD, CBK  
**Diturie Hoxha**, Executive Director, KBA  
**Naim Gashi**, Treasury Manager, PTK Sh.A  
**Akile Cërnobregu**, Head of Payments & Back Office Department, PCB  
**Teuta Gazideda**, Manager of CM & Treasury BO, RBKO  
**Milot Kelmendi**, Performance Analysis Manager, KEK  
**Boryana Ivanova Mustafa**, Director of Payments and Treasury, NLB  
**Dukagjin Shylemaja**, Deputy Manager Director, TEB  
**Eriola Bibolli**, ProCredit Bank Kosova  
**Isen Lipovica**, Tax Administration of Kosova

Absent:

**Gjylfidane Kadrijaj**, Director of Interbank Payment Systems Directorate, CBK (was represented at the meeting by the substitute representative)

**Representatives of KUR Prishtina, MLSW, MF/Treasury, Kosovo Chamber of Commerce**, (*were absent without prior notification*)

The meeting was called to order at 11:00.

Mr. Robert Wright opened the meeting, thanked and welcomed the participants in the meeting, and Mr. Arzen Çavdarbasha introduced the new members of the group for managing of the project for reduction of cash transactions in Kosova.

## **Discussions and Presentations**

### **Approval of minutes from the last meeting**

Members unanimously approved the minutes of previous meeting held on June 15 2011.

### **Presentation and Discussion in relation to proposals from working group members**

Mr. Robert Wright made the presentation of proposals of the banks and other institutions. First, he presented the proposals of the CBK which are already known to the group members from the previous meetings. Regarding the campaigns it is said that it is an individual matter of institutions. From the practices of other countries in setting the maximum payments in cash, Mr. Wright said that it can be regulated through regulations, but it is more desirable to be made with agreements on voluntary basis from the institutions. It was proposed to update statistical data for the payment instruments for 2010. Then, proposals of the ProCredit Bank Kosova and Raiffeisen Bank Kosova were presented, which had many common things. It was noted the need of developing awareness campaigns for non cash payments; the financing issue should be discussed, the funding from the World Bank can be a possibility, and also VISA has offered support in this matter. Expecting for the response from Master Card. Now banks are more aware that fees have impact on the incentivizing of the clients to use non cash payments. It remains an individual matter- the unification of prices was not deemed acceptable option.

In one of the proposals that had to do with expanding the network of POS terminals, TEB Bank representative Mr. Dukagjin Shylemaja said that it's not only the problem that has a small number of POS terminals, but the main problem is how they are distributed, which in most cases there is a concentration in one place only. In the past was attempted the placement of POS terminals in utility companies but there has been no interest from this companies.

The representative of KEK made the presentation of their proposals. He mentioned that in the total of the payments from KEK consumers during the year, 85 percent of the payments are made in cash, and only 15 percent are made in banks. Lately KEK has allowed the signing of authorizations for Direct Debit to be done in regional offices of KEK. For the large number of cash payments, the representative of KEK noted these reasons:

- Banks do not make the processing within a day of the records of customers who have made payments but the next day. Since the trend of customers is that payments to carry out the last day, non-processing of payments within a day can lead to disconnection of customers;
- The categorization of customers based on payments made into various categories, due to bank delays in sending data for clients that have paid, can harm customers by placing them in categories that do not pay regularly;
- Various fees charged by banks for payments made from customers through e-banking etc.

The representative of KEK explicitly stated that there are no plans in KEK for reduction/closure of teller (cash counters).

In regard to the bank delays in sending data to customers who have made payments to KEK, Mr. Dukagjin Shylemaja said that it is more technical issue which can be resolved, since even though payments from banks in KEK go with one day delay, in the details of the transaction is marked the date when payment is made by the client

On the other side, Ms. Boryana Ivanova Mustafa representative of NLB Prishtina mentioned the case of Macedonia as a good example, where through a web-service clients can have access to control and printing of invoices for services of public companies and make payments of them.

TAK representative Mr. Isen Lipovica made an explanation for the new possibility that the TAK provides for Kosovo taxpayers which enables them to declare in electronic way some of their tax statements. He said that the project has already been applied and will soon be fully functional for all taxpayers.

The Work with MLSW concerning payment of pensions is underway as part of the work of the Working Group on Standardization of the processing of Payroll and Pensions

Mr. Robert Wright mentioned the need to have a meeting of the NPC and understand how this non cash payments initiative fits with the broader more strategic development of payments systems.

### **About VISA and MasterCard-and Invitations for next meeting**

VISA has expressed interest and offered support for the project, in this regard for the next meeting representatives of VISA may be invited. It is proposed that the next meeting to be held later this year, possibly in mid-December, before the end of year holidays.

### **Conclusions and Next steps**

- Establishing a working group within the project management team to reducing cash transactions in Kosovo which will examine the possibility of creating a form of web-service for public companies where clients will have the opportunity to be informed about public utility bills and make them pay their bills through this service;
- Akile Cernobregu, Boryana Ivanova Mustafa and Edmond Jashari were appointed to coordinate work in this working group which will include representatives of banks and public utility companies. The next meeting the group will inform the project management team for reducing cash transactions in Kosovo with the results of their work and the possibilities of implementing the project;
- TAK will notify the implementation of the web service - E-filing project;
- Contact with VISA on their offer to support and contact with MasterCard also.
- Update of data for the payment instruments for 2010