1. Purpose and scope

This Rule is applicable to all commercial banks licensed by the Central Banking Authority of Kosovo (CBAK). It requires each bank to adopt appropriate security procedures to discourage robberies, burglaries, and larcenies and to assist in identifying and apprehending persons who commit such acts. It is the responsibility of a bank’s Board of Directors to comply with this Rule and ensure that a security program, which equals or exceeds the standards prescribed by the Rule is developed and implemented for the bank’s main office, branches and sub-branches.

2. Designation of security officer

The bank’s Governing Board should designate a security officer who shall have the authority, subject to the prior approval of the Governing Board, for immediately developing and administering a written security program to protect each banking office from robberies, burglaries, and larcenies, and to assist in identifying and apprehending persons who commit such acts.

3. Elements of the security program

The security program shall:

- Establish procedures for opening and closing for business and for the safekeeping of all currency, negotiable securities and similar valuables at all times;
- Establish security procedures for transportation of currency;
- Establish procedures for retaining a record of any robbery, burglary or larceny committed or attempted against a banking office;
- Provide for initial and periodic training of employees in their responsibilities under the security program and in proper employee conduct during and after a robbery; and
- Provide for selecting, testing, operating and maintaining appropriate security devices as specified below.

4. Security devices

(a) Each bank shall have, at a minimum, the following security devices:

- A means of protecting cash or other liquid assets, such as a vault, safe, or other secure space. Vaults and safes should be of the type that requires dual arrangements for entry (i.e., combination and a key, two keys, etc.).
- A lighting system for illuminating, during the hours of darkness, the area around the vault, if the vault is visible from outside the banking office.
- Tamper-resistant locks on exterior doors and exterior windows designed to be opened.
- Maintaining cameras that records activity in the banking office; video records from the cameras must be maintained for a minimum of 15 days.
• An alarm system or other appropriate device for promptly notifying the nearest responsible law enforcement office (police) of an attempted or perpetrated robbery, burglary or larceny.
• Special vehicle for transportation of cash.

(b) The minimum-security devices are required in all bank’s branches and sub-branches. Security systems for other small banking offices (i.e., customs, technical control centers, motor vehicle registration centers) that handle limited amounts of cash shall be determined by bank management after assessing the operational risk exposure.

5. Insurance on cash holdings and cash in transit

(a) Banks are encouraged to obtain “banker blanket bond” coverage, which is a special form of bond designed to insure banks against loss from employee dishonesty, burglary, robbery, larceny, theft, forgery, misplacement and certain other risks.
(b) At a minimum, banks are required to have insurance coverage on vault risk (cash in vault) and cash in transit. The bank’s Board of Directors shall establish a policy on the maximum level of cash holdings, which is considered necessary to accommodate the bank’s daily operating needs. The level of cash holdings established by the Board of Directors is required to be covered by risk insurance.

6. Reporting

The security officer of a bank shall report at least annually to the bank’s board of directors on the effectiveness of the security program. The substance of such report shall be reflected in the minutes of the Board meeting in which it is given.

7. Infractions, Penalties and Remedial Measures

Banks found to be in violation of this Rule shall be subject to the remedial measures and penalties provided for in Section 37.2 of Regulation 1999/21 on Bank Licensing, Supervision and Regulation. Further, the CBAK may require higher capital levels for banks that do not meet the minimum-security standards of this Rule to compensate for increased operational risk.

8. Transitional Provisions

All banks are required to meet the requirements of this Rule within 90 days after the effective date of this Amended Rule.

9. Effective Date

The Governing Board of the Central Banking Authority of Kosovo adopted Amended Rule XXVII on April 4, 2007. Previous issuances of this Rule are hereby rescinded.

Michel Svetchine
Managing Director