Frequently asked questions for bank licensing
Frequently asked questions for bank licensing

General

1. Who is CBK? .................................................................................................................. 5
2. What are financial institutions? ................................................................................... 5
3. What is a bank? ............................................................................................................. 5
4. When can I call myself a bank? .................................................................................. 5
5. Can the bank have a status other than Joint Stock Company? .................................. 6
6. What is a license? .......................................................................................................... 6
7. Is a license needed to exercise the banking activity? .................................................. 6
8. What is a deposit? ......................................................................................................... 6
9. What financial activities are allowed for banks in Kosovo? .......................................... 6
10. Where to apply for a bank license? ............................................................................. 6
11. Does it matter if I’m not based in Kosovo? ................................................................. 6
12. How many banks are licensed in Kosovo? .................................................................. 6
13. Are all banks the same? ............................................................................................. 7
14. If I am not sure whether I should establish a bank for the financial activity that I want to provide to the public, where can I get more information on licensing alternatives? ................................................................. 7
15. Who are the principal shareholders of the bank? ......................................................... 7
16. What is an information meeting? ................................................................................ 7
17. Who should be present at the information meeting by the applicant’s side? .............. 7
18. What to prepare for the information meeting? ............................................................. 7
19. When can I start preparing the application for bank licensing? ................................. 8
20. What documents should I submit as an application for bank licensing? ................. 8
21. How quickly can I become a bank? ............................................................................. 8
22. What if my company is already licensed/registered for any financial activity? ........ 8

Pre-application

23. Do I have to go through the pre-application process? ................................................. 8
24. What is a business plan? ............................................................................................. 8
25. Are my interactions with you confidential? ............................................................... 9
26. What is the minimum capital required for the opening of a new bank? .................... 9
<table>
<thead>
<tr>
<th>Question</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>27. Does the capital requirement apply even with the opening of a branch of a foreign bank in Kosovo?</td>
<td>9</td>
</tr>
<tr>
<td>28. Who can be a bank shareholder?</td>
<td>9</td>
</tr>
<tr>
<td>29. What may be the source of capital investment funds?</td>
<td>9</td>
</tr>
<tr>
<td>30. Can we issue shares in exchange for services?</td>
<td>10</td>
</tr>
<tr>
<td>31. How many members can a board of directors of a bank have?</td>
<td>10</td>
</tr>
<tr>
<td>32. Can the shareholders be members of the board of directors?</td>
<td>10</td>
</tr>
<tr>
<td>33. Which directors may be considered non-executive?</td>
<td>10</td>
</tr>
<tr>
<td>34. Can the Chief Executive Officer be a member of the Board of Directors?</td>
<td>10</td>
</tr>
<tr>
<td>35. Which directors can be considered independent?</td>
<td>10</td>
</tr>
<tr>
<td>36. What means adequate and appropriate for directors and senior managers?</td>
<td>11</td>
</tr>
<tr>
<td>37. When, where and how to submit an application for a bank license?</td>
<td>11</td>
</tr>
<tr>
<td>38. Where can I read more about CBK’s approach to licensing new banks?</td>
<td>11</td>
</tr>
<tr>
<td>39. Do I need to employ external advisors and consultants for completing the documentation for application and other criteria for bank licensing?</td>
<td>11</td>
</tr>
<tr>
<td>40. Can you recommend any external advisor or consultant?</td>
<td>11</td>
</tr>
<tr>
<td>41. Can I bring my advisors in the meetings with you?</td>
<td>11</td>
</tr>
<tr>
<td>42. Do you specify which IT systems you should use?</td>
<td>11</td>
</tr>
<tr>
<td>43. Can you recommend any IT system/provider?</td>
<td>12</td>
</tr>
<tr>
<td>44. What should I do if things change in the meantime during application?</td>
<td>12</td>
</tr>
<tr>
<td>45. What is the bank licensing fee?</td>
<td>12</td>
</tr>
<tr>
<td>46. Where can I find the details of the application fees?</td>
<td>12</td>
</tr>
<tr>
<td>47. Why should I pay a tariff?</td>
<td>12</td>
</tr>
<tr>
<td><strong>Post-application</strong></td>
<td>12</td>
</tr>
<tr>
<td>48. What happens after the application to the CBK for a bank license?</td>
<td>12</td>
</tr>
<tr>
<td>49. How long does the application for a bank license last?</td>
<td>12</td>
</tr>
<tr>
<td><strong>Prior approval</strong></td>
<td>13</td>
</tr>
<tr>
<td>50. What conditions should I meet in order for my application for a bank license to be approved by CBK?</td>
<td>13</td>
</tr>
<tr>
<td>51. What does prior approval of the bank license mean?</td>
<td>13</td>
</tr>
<tr>
<td>52. For what period of time must I meet the conditions for approval of the final license?</td>
<td>14</td>
</tr>
<tr>
<td><strong>Licensing</strong></td>
<td>14</td>
</tr>
<tr>
<td>53. What happens if any of the information submitted with the application changes during the period of assessment of my application in CBK?</td>
<td>14</td>
</tr>
</tbody>
</table>
54. What should I do after meeting the conditions for a final license? ................................................................. 14
55. What does pre-opening examination mean? ...................................................................................................... 14
56. How long does the assessment of the application for a final license last? ......................................................... 14
57. Can the application be rejected? ......................................................................................................................... 15
58. Can I appeal if my request for license is rejected? .............................................................................................. 15
59. Can I start the organization before obtaining the final license? ........................................................................ 15
60. If the institution is authorized to exercise financial activities, can it continue to exercise that activity? ................. 15

International Banks ................................................................................................................................................. 15

61. What is the difference between a subsidiary and a branch? .................................................................................. 15
62. What is the view of CBK on branches? .................................................................................................................. 15
Frequently asked questions for bank licensing

The most frequently asked questions that CBK receives from the parties interested to apply for bank licensing are organized into the following categories:

- General;
- Pre-application;
- Post-application;
- Prior approval;
- Licensing;
- International Banks.

General

1. Who is CBK?

Central Bank of the Republic of Kosovo (CBK) is an independent public institution that only responds to the Assembly of Kosovo. It is the only authority for licensing, regulating and overseeing financial institutions in Kosovo. The objectives and duties of CBK are defined in Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (link: http://www.bqk-kos.org/repository/docs/2010/Ligiji%20per%20BQK-ne.pdf, hereinafter "Law on CBK") as well as Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (link: http://www.bqk-kos.org/repository/docs/2012/Ligiji%20per%20bankat%20IMF.pdf, hereinafter "Law on Banks").

2. What are financial institutions?

Financial Institutions means entities such as: banks, insurance companies, pension funds, microfinance institutions, non-bank financial institutions, insurance intermediaries, damage claim handlers as well as other legal entities that exercise financial activities, as defined by the applicable legislation and according to which the Central Bank has been granted the authority to license, regulate and oversee them.

3. What is a bank?

Bank is a joint stock company engaged in banking activities, including a subordinate entity or a branch of a foreign bank.

4. When can I call myself a bank?

No person may use the word "bank" or derivatives of the word "bank" in relation to any activity, product or service or in promotional activity without a license issued by CBK to engage in banking activities, except when such use is established or recognized by the applicable legislation, an international agreement, or where the context in which the word "bank" is used has nothing to do with financial activity.

5. Can the bank have a status other than Joint Stock Company?

No. Every legal entity applying for licensing at CBK should be registered as Joint Stock Company. In cases
when it is applied as a branch of a foreign bank, the parent bank must be registered as a Joint Stock Company.

6. What is a license?

License is an authorization issued by CBK through which the legal entity acquires the right to deal with the financial activities specified under that license.

7. Is a license needed to exercise the banking activity?

Yes, a specific permit is needed to exercise the regular banking activity of receiving deposits and loaning (banking intermediation), which is called "banking license".

8. What is a deposit?

Deposit means the amount of money paid to a bank by a legal person or entity which is received by the bank provided that it is not fully returned, with or without interest or premium, be it at the request or at the time agreed with that legal person or entity.

9. What financial activities are allowed for banks in Kosovo?

With their licenses, banks are allowed to engage in financial activities as defined in Article 44 of the Law on Banks.

10. Where to apply for a bank license?

For obtaining a bank license in the Republic of Kosovo, you should contact the Licensing and Standardization Department via email (Licencimi@bql-kos.org) or telephone (+381 38 222 055), where you will receive the necessary instructions for application. There you will also be informed by LSD that before you start with the application process, it is obligatory to hold an information meeting with representatives of CBK.

11. Does it matter if I'm not based in Kosovo?

CBK welcomes the requests of every new bank with a sound business model regardless of where the "parent" institution is established. If you are a bank with headquarters at any country of the world, you can operate in Kosovo as a subsidiary or branch (or both) - please see IV data - Foreign Banks of the Bank Licensing Manual for more details.

12. How many banks are licensed in Kosovo?

You can find the licensed banks that exercise banking activities in the Republic of Kosovo on the CBK website.
13. Are all banks the same?

All licensed banks in the Republic of Kosovo may exercise the financial activities specified in Article 44 of the Law on Banks.

14. If I am not sure whether I should establish a bank for the financial activity that I want to provide to the public, where can I get more information on licensing alternatives?

Those interested in bank licensing, depending on the business plan or the activities they want to initially undertake, they should assess whether the establishment of a bank is the only option or the most appropriate option for them. There are a number of alternatives that can be taken, instead of establishing a bank, that allow the provision of some of the services that banks provide at a potentially lower cost than the establishment of a bank. For example, if it is not aimed at receiving deposits but at lending to certain segments or individuals that reside in a specific part of the country, or if it is aimed at lending to small local enterprises or non-profit organizations, the establishment of a non-bank financial institution or a microfinance institution may be a more appropriate alternative. While there are varying levels of legal restrictions imposed on the scope or magnitude of some of these alternative options, keep in mind that these comply with different levels of regulation.

15. Who are the principal shareholders of the bank?

Principal shareholder is any person (legal and natural) that directly or indirectly, together or in interaction with other persons owns ten (10%) per cent or more of any class of shares with the voting right of a bank or company or ten (10%) per cent of equity interest in a bank or company.

16. What is an information meeting?

Those interested in bank licensing are obliged to attend the information meeting at CBK. The information meeting enables the information of interested parties in understanding the licensing process and what happens at different stages, understanding the expectations of CBK, identifying any specific concern that CBK might have in the beginning, which can help in deciding whether the interested parties want to spend time and money in an application that cannot progress further and in submitting the application as complete as possible.

17. Who should be present at the information meeting by the applicant’s side?

All key shareholders of the proposed new bank should participate in the meeting.

18. What to prepare for the information meeting?

Before holding the information meeting, the parties interested to apply should prepare to present at the meeting a brief summary of the high level of business proposal, which as a minimum should contain:

- the reasonableness of the establishment of the bank and the initial business strategy, specifying which products will be provided, how will they be provided and the target market;
- financing sources - how will they be funded and whether there are any investors and/or funds in the country;
19. When can I start preparing the application for bank licensing?

After holding the information meeting and sending the application forms by CBK, you can start preparing the application for bank licensing at CBK.

20. What documents should I submit as an application for bank licensing?

The application for bank licensing must be accompanied by the information required in Article 7 of the Law on Banks. This part begins with the listing of supporting documents that should be part of the application for bank licensing.

21. How quickly can I become a bank?

There is no simple answer to this question. The pre-application stage has no fixed deadline and the speed of progress is entirely separate and depends largely on your seriousness and engagement in completing the documentation according to legal requirements. CBK is interested in the quality of the material you prepare rather than the amount or speed at which you prepare. After your request is considered as complete, within the legal deadline of 90 days, CBK will make a decision on your application. Please see the Application stage in the Bank Licensing Manual for more details. If you receive prior approval, the organization/mobilization period should be done within one year.

22. What if my company is already licensed/registered for any financial activity?

If your company is already licensed/registered for any financial activity, you should apply to obtain a license for receiving deposits (bank license). While this is another type of license, you should follow the same process as a new bank and start with the pre-application stage.

Pre-application

23. Do I have to go through the pre-application process?

Yes, you must follow the pre-application process, this is a formal request of CBK. Keep in mind that firms that are more proactive in the pre-application stage submit a request that is much more qualitative, which CBK can assess easier.

24. What is a business plan?

The business plan is a description of your proposed business, which contains the details of your objectives and how you will achieve them. Your business plan should be tailored to the activities your firm plans to undertake while taking into account the CBK licensing criteria. In order for it to be eligible for CBK, the business plan must at least contain the following information:

- ownership and management team - the details of the proposed owners and managers, in so far as they are known;
- time schedule - an overview and timeline of the plan to establish the new bank.
- business statement: overall strategy of the proposed bank and details of the planned insurance activity;
- market analysis including the analysis of direct and indirect competition;
- financial analysis, which includes the disclosure of the structure of assets, liabilities and capital as well as financial projections for the first three years of operation;
- important banking functions;
- governing structure of the bank.

If you submit an incomplete or unclear business plan, this will cause delays in evaluating your application, as CBK will have to ask further questions or ask for further information to gain a clear picture of your business. However, your business plan may also evolve during the pre-application process as you develop your business model and receive comments from CBK. The Business Plan is an important part of your overall application and is an integral part of CBK’s decision-making. CBK will use it to assess the risks your business presents to your objectives and how you plan to control and manage them. You also need to use your business plan to help you focus on running your activities and organizing resources to achieve your objective.

25. Are my interactions with you confidential?

Yes. All questions and information that the CBK receives will be treated as confidential.

26. What is the minimum capital required for the opening of a new bank?

The minimum capital required for opening a new bank is seven (7) million Euros.

27. Does the capital requirement apply even with the opening of a branch of a foreign bank in Kosovo?

If the applicant for a bank license applies to be licensed as a branch of a foreign bank, the requirement mentioned above in this chapter does not apply. However, any foreign bank applying to establish a branch of a foreign bank in the Republic of Kosovo is required to deposit to CBK, on behalf of initial capital, an amount of seven (7) million Euros as Capital Equivalency Deposit (CED), as required by Article 17 of the Law on Banks and Article 4 of the Regulation on Licensing of Banks and Branches of Foreign Banks. Thus, the initial amount required on behalf of CED is the same and has the same function as that of the minimum capital required above.

28. Who can be a bank shareholder?

Any person that is adequate and appropriate and that proves financial viability can be a bank shareholder.

29. What may be the source of capital investment funds?

The minimum capital must be paid in cash and its funds cannot be derived from illegal activities and from:
- loans from banks to which capital payments are made; or
Frequently asked questions for bank licensing

- loans when the bank receiving capital is the guarantor;
- loans from other banks in Kosovo, unless one hundred per cent (100%) collateralized with approved securities held by a third party as custodian.

30. Can we issue shares in exchange for services?

Shares issued in exchange of services are not treated as paid capital. Also, payments or expenses for the purchase or lease of work premises and equipment, as well as other operating expenses are not included in the amount of initial minimum capital or the minimum amount of the Capital Equivalency Deposit.

31. How many members can a board of directors of a bank have?

The Board of Directors consists of a number of not less than five (5) members. All members of the board have the right to vote. Most of these members should be independent non-executive directors, and at least one of them should be a resident of Kosovo.

32. Can the shareholders be members of the board of directors?

Yes they can, it should only be kept in mind that most of these members should be independent non-executive directors.

33. Which directors may be considered non-executive?

Any director who is not a senior manager or employee at the bank is considered non-executive.

34. Can the Chief Executive Officer be a member of the Board of Directors?

The Chief Executive Officer is a member of the board of directors by automation but has no right to vote.

35. Which directors can be considered independent?

Directors will be considered independent if:

- They are independent of the bank's management and shareholders; and their judgment will only be exercised for the benefit of the bank;
- There is no factual or perceived conflict of interest stemming from their relations with the bank and the parties related to the bank;
- They are not employed by the bank or parties related to it, except as members of the Board or Board advisor in other group companies;
- They are not employed as executive directors of other companies where any of the executives of that company serve at the Bank's Board;
- In the last six months, they have not been associated or employed by a current external auditor of the bank;
- CBK may also take into account other facts and circumstances that they may deem relevant to determine whether a director is independent or not.
36. What means adequate and appropriate for directors and senior managers?

The adequacy of directors and senior managers proposed is considered as essential in the process of CBK for licensing and overseeing banks. As part of the licensing process, the applicable regulations have set the "adequate and appropriate" criterion and the independence criterion for approving directors and senior managers. The elements that are taken into account for these criteria include: data on criminal offences, financial position, civil actions against individuals for pursuing personal debt, refusal of membership or exclusion from professional organizations, sanctions applied by regulators of similar industries and previous suspicious practices of the business. Every principal shareholder, director, senior manager must meet the adequacy and appropriateness requirements with respect to the respective position.

37. When, where and how to submit an application for a bank license?

The application should be submitted at CBK after completing the necessary documentation for application, physically or electronically.

38. Where can I read more about CBK’s approach to licensing new banks?

You can read more about the process of licensing new banks in the Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (link: http://www.bqk-kos.org/repository/docs/2012/Ligji%20per%20bankat%20IMF.pdf); CBK’s Regulation on Licensing of Banks and Branches of Foreign Banks (link: http://bqk-kos.org/repository/docs/korniza_ligjore/shqip/Licencimi%20Banka%20te%20Degeve%20te%20Bankave%20te%20Huaja.pdf) as well as the Bank Licensing Manual.

39. Do I need to employ external advisors and consultants for completing the documentation for application and other criteria for bank licensing?

This depends only on you, but CBK does not require you to do so. Many applicants consider the engagement of external advisors or consultants useful, whereas others consider that they have the appropriate level of expertise within their staff.

40. Can you recommend any external advisor or consultant?

No, CBK cannot recommend any specific external advisor or consultant.

41. Can I bring my advisors in the meetings with you?

Yes, you can bring them but CBK does not expect them to speak on your behalf.

42. Do you specify which IT systems you should use?

CBK does not specify which IT systems you should use. Your bank's regulated activities should be supported by IT services that are effective, flexible, and secure, and are designed to meet the expected future needs as well as current bank needs.
43. Can you recommend any IT system/provider?

No, CBK cannot recommend any IT system/provider.

44. What should I do if things change in the meantime during application?

If there is any change in your plans, you should contact the CBK at least 5 days from the date of the change and discuss these changes.

45. What is the bank licensing fee?

The bank licensing fee is 10,000.00 Euros.

46. Where can I find the details of the application fees?

All required application fees are presented in the Tariff Scheme that is on the official website of CBK (http://bqk-kos.org/?id=88) and are non-compensable, regardless of the decision of CBK. Applications are considered uncompleted and consequently not reviewed if the licensing fee is not paid.

47. Why should I pay a tariff?

CBK is funded by the tariffs and taxes covered by the institutions it licenses, regulates and oversees. As part of this, CBK requires a fee for reviewing an application for a bank license.

Post-application

48. What happens after the application to the CBK for a bank license?

After the formal submission of the application for bank licensing, CBK conducts the first assessment where it is verified whether the submitted application is complete or not. For the application to be considered as complete, all the required forms should be submitted to CBK, which should be fully and correctly completed and the information provided should be of adequate quality and details to allow CBK to complete the assessment. Also, for the application to be considered as complete, it should have the responses to CBK's comments, provided during the pre-application stage, incorporated.

49. How long does the application for a bank license last?

Within 90 days after receiving the application, CBK reviews the documentation submitted and notifies the applicant in writing whether the documentation is complete or not. If the submitted documentation is incomplete, CBK will notify the applicant of the deficiencies or discrepancies identified together with the request for additional information or documents required. The deadline for submission of additional information or documents is no later than ninety (90) days after the notification according to this paragraph. If the requested additional information or documents are submitted within the deadline, CBK will notify the party that the application is complete. CBK terminates the procedures of reviewing the application for registration if the additional data and/or documentation required for licensing is not completed by the applicant within ninety (90) days from the date of notification. In case of termination of the procedure for reviewing the application for registration, CBK notifies the applicant in writing. CBK issues a decision approving or refusing registration as a non-bank financial institution within ninety (90) days from the date of notifying the applicant that the application for registration is complete. CBK immediately informs the applicant of the decision taken. By mutual agreement between the CBK and the applicant, the decision-
Prior approval

50. What conditions should I meet in order for my application for a bank license to be approved by CBK?

CBK preliminarily approves a license only if the following conditions are met:

- if the business plan is based on accurate analysis of reasonable assumptions, it is, therefore, real and competitive in the market;
- if the proposed bank or foreign bank will act in compliance with all the provisions of the Law on Banks;
- if the organizational structure of the proposed bank and its branches and its proposed ownership structure will allow CBK to exercise effective and consolidated supervision.
- if the qualifications, experience, integrity and reputation of each director, principal shareholder and senior manager prove that they are appropriate and capable of the proposed bank's business plan and banking activities as defined by the CBK in Articles 35 and 37 of the Law on Banks;
- if the legal source of capital funds and the financial capacity for investing the planned funds and for realizing the necessary funding for the sustainable continuation of the activity of the institution are proven.

Except as noted above, prior approval of the request for license regarding a subordinate entity (subsidiary) or a branch of a foreign bank is done only if:

- the foreign bank is authorized to engage in the activity of receiving deposits or funds in the form of deposits in the jurisdiction where its headquarters is located;
- the responsible supervisory authority where the foreign bank has its headquarters has given its written consent for granting such license; and
- CBK assesses that the foreign insurer is adequately supervised on a consolidated global basis by its supervisor in the parent country. The supervisor from the parent country should acknowledge in writing that it is aware of the granting of the new license and agrees to provide information to CBK, upon its request.

51. What does prior approval of the bank license mean?

Prior approval means that your application as per your pledges has met the CBK criteria for licensing. In case of prior approval of a request for a license, CBK determines all conditions for the bank to which a license to commence its operations is granted. Such conditions may include:

- payment of the initial capital that the shareholders have to pay to the bank;
- employment and training of bank's staff;
- lease or purchase of operational equipment and designation of operational systems, including internal auditing and controls;
- lease, purchase or ownership of the premises of the bank;
- engagement of an external auditor in accordance with Article 54 of the Law on Banks;
- any other condition the CBK considers appropriate.

52. For what period of time must I meet the conditions for approval of the final license?

According to Article 8, paragraph 6 of the Law on Banks, if within one (1) year the bank does not act in
accordance with the conditions for obtaining a license to commence the activity, prior approval of the request will be revoked.

Licensing

53. What happens if any of the information submitted with the application changes during the period of assessment of my application in CBK?

In case of changes to the information on the basis of which CBK has issued prior approval, the applicant for a license notifies in writing CBK of the new facts or circumstances created. This notice must be sent to CBK immediately after new circumstances are created, but no later than fifteen (15) days after their submission. If the changes that occur during the organizational stage substantially change the facts in which the CBK has based its prior approval, that approval may be revoked.

54. What should I do after meeting the conditions for a final license?

Upon fulfilling the conditions defined by obtaining prior approval for a license, and the conditions defined in Article 8, paragraph 5 of the Law on Banks, the bank under establishment must apply in writing to CBK for obtaining the final license. The necessary documentation for application is explained in Article 11 of the Regulation on licensing of banks and branches of foreign banks.

55. What does pre-opening examination mean?

Pre-opening examination (hereinafter POE) is the last step of bank licensing process carried out by the CBK in order to determine whether all technical and security conditions have been met as defined by the CBK regulation on minimum security requirements and commitments undertaken with the application for preliminary licensing. The examination is carried out by the Licensing and Standardization Department in cooperation with the Banking Supervision Department at the CBK.

56. How long does the assessment of the application for a final license last?

Within forty-five (45) days from the date of POE, CBK shall make a decision approving or refusing the granting of the final license to an insurer or branch of the foreign insurer. If the CBK determines that the conditions set out in Article 8, paragraph 5 of the Law on Banks, Article 11 of the Regulation on Licensing of Banks and Branches of Foreign Banks, as well as the decision for prior approval, are met, CBK shall make a decision on granting the license and the bank will become a member of the Deposit Insurance Fund of Kosovo.
57. Can the application be rejected?

Yes, CBK may reject the application if the licensing criteria are not met. In case of rejection, CBK will inform you in time and will provide grounded reasoning for rejection.

58. Can I appeal if my request for license is rejected?

Yes, the dissatisfied party may file a claim (against the decision of CBK for rejecting the request for license) with the competent court in the deadline of thirty (30) days from the day of receipt of the decision, but the exercise of the claim does not terminate its enforcement.

59. Can I start the organization before obtaining the final license?

The applicant may initiate the bank's organization before being licensed by CBK. However, the work of the bank cannot begin until a final license is granted.

60. If the institution is authorized to exercise financial activities, can it continue to exercise that activity?

Yes, the institution may continue to perform the activity for which it has already been authorized during the process of applying for a bank license. However, the activities for which the institution is applying cannot be exercised until authorization is done.

International Banks

61. What is the difference between a subsidiary and a branch?

Subsidiary means a subordinate entity of the foreign bank, which is under the joint control with this bank, whereas branch of the foreign bank means a legally dependent entity of the bank not established on its own, through which the foreign bank engages in banking activities in the Republic of Kosovo. For more information, please refer to Annex IV of the Bank Licensing Manual.

62. What is the view of CBK on branches?

CBK has defined its approach to international banks' oversight of the risk-based supervision manual for banks.