



PI & EMI



Summary



In Kosovo, Payment Institutions (PI) have been significantly transforming the financial landscape for 20 years. Their impact extends beyond simplifying payments and money transfers, to generating substantial economic benefits such as creating hundreds of jobs and contributing millions in taxes and salaries.

Post-2020 marked a pivotal moment with the introduction of legislation for Electronic Money Institutions (EMI). Since then, the sector has seen the licensing of 7 EMIs, each bringing forward increasingly attractive and innovative solutions within the financial industry. This represents a crucial evolution in enhancing the financial services landscape in Kosovo.

Sector readiness



Legal developments

1. EMI Bylaws
2. IBAN Bylaws
3. Law on Payment Services

Affordability

1. As it is, PI & EMI have accepted the legislation in force well. **The lack of opportunity for Cash in and Cash out seems to be a barrier.**
2. Going through banks seems to be more complicated than expected. For the reason that this requires additional developments from banks. Except this, requires time and money. Is not something that could be applied in a near future.

Sector readiness



Infrastructure developments

Affordability

Considering that Fintechs are technology-based and well-equipped with the necessary resources, we believe that we are aligned with any advanced infrastructure that the CBK may implement

The role and contribution of the sector - PI



The Role and Contribution of Payment Institutions in Kosovo

Central Role in Facilitating Traditional Payments:

In Kosovo, Payment Institutions predominantly operate through physical branches, playing a vital role in facilitating everyday financial transactions for the general public. They cater to customers who prefer or need to conduct transactions in person, often with cash in hand. This approach is particularly important for segments of the population less inclined or able to engage with digital financial services.

Serving Essential Daily Financial Needs:

PIs are instrumental in enabling people to manage essential financial tasks such as paying utility bills, transferring money abroad, and receiving remittances. This service is crucial, especially in areas where digital banking is not yet fully integrated or accessible. By providing these services, PIs ensure that even those without access to digital banking can participate in the financial system and manage their financial obligations efficiently.

The role and contribution of the sector - EMI



EMIs (Electronic Money Institutions) are pivotal in advancing a cashless society by offering diverse services and solutions. Alongside the key offerings you've mentioned, EMIs should consider the following strategies to broaden their impact:

1. Digital Wallet Services

Expand beyond mobile apps to offer a full-fledged digital wallet enabling users to digitally store, transfer, and receive funds. This should encompass peer-to-peer transfers and seamless integration with various financial services.

2. Cash Management Technologies:

Implement technologies for efficient cash handling, including cash-in and cash-out systems. These technologies should also provide insightful tracking of market cash flows and trends.

3. Loyalty Programs and Rewards

Enhance customer engagement and retention by integrating attractive loyalty and rewards programs within the payment systems.

The role and contribution of the sector - EMI

4. National Switch Support and IoT Payments

Collaborate in supporting a national switch network and enable digital payments through IoT (Internet of Things) devices, paving the way for innovative payment methods.

5. Streamlined Remittance Services

Facilitate cost-effective and accessible cross-border remittances, leveraging networks like SEPA to simplify international money transfers.

6. Physical and Virtual Cards:

Issue physical card for those who want them and virtual cards for secure online transactions, offering an alternative for users who prefer not to use physical cards on the internet.

7. Versatile POS Terminals:

Invest in advanced POS terminals capable of accepting various card types, including prepaid, debit, and credit cards, thus accommodating a wider range of payment preferences.

The role and contribution of the sector - EMI



8. eCommerce Payment Solutions:

Provide robust payment instruments tailored for e-commerce platforms, ensuring seamless and secure transactions for online merchants and consumers.

9. Credit Facilities for Payments:

Offer credit options to facilitate immediate payments, supporting customers in managing their cash flow effectively.

By adopting these strategies, EMIs can significantly enhance their contribution to developing a more inclusive and efficient cashless economy, ultimately benefiting both consumers and businesses.

Roles of Regulators in Fostering a Cashless Society in Kosovo



A cooperation between state bodies such as the CBK, TAK, BRAK, and EMIs can significantly impact the transition towards a cashless society. Below, we outline some key steps to facilitate this view:

- 1. Mandatory Digital Payment Options for Businesses:** Mandating all businesses to offer at least one digital payment method.
- 2. Stimulating EMI Investment in Digital Payment Ecosystem:** Encouraging EMIs to invest in expanding Kosovo's digital payment infrastructure.
- 3. Incentivizing Digital Payments Among Citizens:** Promoting the use of digital payments to increase digital transactions and reduce cash use.
- 4. Accelerating Open Banking Implementation:** Speeding up the implementation of a legal and technical framework for open banking.
- 5. Educating the Public on Digital Payment Benefits:** Implementing campaigns to educate the public about the benefits of digital payments.

Takeaway



- Removing Barriers to Cashless Transactions
- Mandating Businesses to Offer at Least One Digital Payment Option
- Encouraging EMIs to Provide POS Terminals
- Motivating Citizens to Embrace Digital Payments
- Empowering the Sector to Educate Payment Beneficiaries on the Advantages of Digital Payments