

CENTRALNA BANKA  
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА  
БОСНЕ И ХЕРЦЕГОВИНЕ

# INFO CBBH



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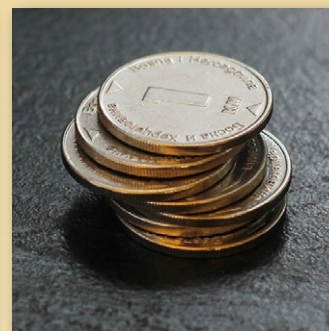
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Web page: <http://www.cbbh.ba>  
E-mail: [pr@cbbh.ba](mailto:pr@cbbh.ba)  
Contact phone: (033) 278 123

## MILICA LAKIĆ APPOINTED AS NEW VICE GOVERNOR OF THE CBBH



At its session held on July 31, 2017, the Governing Board of the Central Bank of Bosnia and Herzegovina (CBBH) approved the appointment of Milica Lakić, PhD, as the Vice Governor of the CBBH.

The appointment was made to a four-year term, after the expiry of the mandate of Vice Governor Radomir Božić, PhD. Milica Lakić, PhD, will assume her new duties on August 11, 2017.

Vice Governor Milica Lakić has previously held the position of the Director of the Main Bank of Republika Srpska of the Central Bank of Bosnia and Herzegovina (MBRS CBBH), and will be in charge of the Sector for Monetary Operations, Foreign Exchange Reserves and Cash Management.

At the same session, the Governing Board of the CBBH also approved the appointment of a Deputy of the Chief Audit Executive of the CBBH, Ms Stojanka Šarović.

## MARKING OF THE 20TH ANNIVERSARY OF THE CBBH - NUMISMATIC EXHIBITION "TRAIL OF MONEY" OPENED



On the occasion of marking of the 20th anniversary of the Central Bank of Bosnia and Herzegovina (CBBH), a numismatic exhibition entitled "Trail of Money" was opened in the National Museum of Bosnia and Herzegovina in Sarajevo on August 11, 2017.

The opening of the exhibition was preceded by a ceremonious session of the Governing Board of the CBBH, and the exhibition itself, which is the first in a series of activities which under the slogan "20 years of stability" mark the 20th anniversary of the CBBH, was officially opened by the Governor of the CBBH Senad Softić, Ph. D.

Speaking to the present guests, Governor Softić emphasized that the CBBH, which started its operations on August 11, 1997, is responsible for issuing the currency and conducting of monetary policy in the single economic space.

"I am proud to point out that the CBBH is completely independent, credible and transparent, and that, by implementing monetary policy, it has been one of the pillars of macroeconomic stability for all these years", said Governor Softić.

The first convertible mark banknotes were issued on 22 June 1998, and the first coins in December of the same year.

"The exhibition that we are opening today shows the most beautiful and the most important examples of currency in circulation in the territory of today's Bosnia and Herzegovina, from the 4th century BC to the 21st century, which are a part of the currency collection owned by the National Museum of Bosnia and Herzegovina or the CBBH, including also the currency that is currently in circulation", the Governor said.

The exhibition was opened to the public by 22 September 2017. With the aim of promoting this exhibition and informing the public about the currency in circulation in the territory of Bosnia and Herzegovina through different historical periods, the CBBH, in cooperation with its partner institutions and educational institutions, organized visits to the Museum until the closing of the exhibition.

A promotional short video on the CBBH was shown at the National Museum of Bosnia and Herzegovina, and during the exhibition's duration, in the room where the currency was exhibited, a corporate video about the CBBH was shown.

On this occasion, Governor Softić also promoted the jubilee edition of the CBBH silver coin especially designed and minted in order to complete the celebration of the 20th anniversary of the CBBH.

Since, for the past 20 years, the focus of the work of the CBBH has been on stability, in the evening, a video projection "20 years of stability" was placed on the facade of the CBBH building in Sarajevo.

**JUBILEE COINS**

On the occasion of its 20th anniversary, the CBBH issued an anniversary silver coin, which is also a symbol of a successful period of the CBBH as an independent monetary institution and an institution that serves as an anchor of monetary and financial stability in the country. The coin has been manufactured with the following specifications:



**20. anniversary of the Central Bank of Bosnia and Herzegovina**

<b>Diameter(mm)</b>	<b>38.61</b>
<b>Weight (g)</b>	<b>28.28</b>
<b>Alloy</b>	<b>925/1000Ag</b>
<b>Shape</b>	<b>round</b>
<b>Edge</b>	<b>milled/plain</b>
<b>Quality</b>	<b>Certificate of the Authenticity</b>
<b>Pieces Minted</b>	<b>2000 pieces</b>



## MONEY IN THE TERRITORY OF BH



Since ancient civilizations, ancient Egypt, ancient Greece and Rome, money has expressed the identity of the state - its character, historical, cultural and other features of a community and is an essential instrument of economic and social development. Money was often mentioned as a card for each country, referring, among other things, to its promotional role - from rulers who, aware of the importance of money, chose the quality and design of currencies that would personally promote and exalt them, to modern states the currencies of which include the images of scientists, artists and other important persons, cities, landscapes, historical symbols and other specific features of the country. Bearing in mind that in the time of fast living, money circulates, it goes through many hands and through different countries, in this way it quickly and simply presents the identity of each country.

During the history of Bosnia and Herzegovina, various conquerors and administrations were present and brought their cultures, civilizations, economies, and their currencies. Thus, in the fifth century BC, the first Greek-Illyrian coins that were minted by local communities, but under Greek influence, appeared.

From the third century BC, the Roman Republican coins became present to a greater extent, primarily in the southern parts of the country, but gradually more and more towards the inland.

Bosnian medieval rulers minted their currency which was made of thin silver sheet, in nominal terms of dinar, poludinar and groš. In the beginning of the 14th century, the money emerged that could be called the first Bosnian currency, minted by bans Mladin I and II and their successors, bans Stjepan II Kotromanić and Tvrtko, continued to mint it.

The most interesting, but also the most beautiful example of the medieval Bosnian state's currencies is the famous golden quadruple ducat, and (probably) King Stjepan Tomaš had it minted. In the earlier literature, the ducat was usually attributed to Kings Tvrtko I or Stjepan Tomašević, so today it is known to the general public as a "Tvrtko's Quadruple Ducat". The gold coin was made of alloy 980/1000, with weight 14.05 grams, 30 mm in diameter and it was 1 mm thick. Due to

four times bigger weight in relation to the gold coins minted in European countries at that time, it was called quadruple ducat and is among the most beautiful examples of gold coins minted throughout the Middle Ages.

In the area of the present-day Bosnia and Herzegovina during the Middle Ages, the currencies of the neighboring countries were also in circulation, which confirms the fact that medieval Bosnia had good trade relations with its closest neighbors. Speaking of such currencies, Slavonia banovci and Serbian and Dubrovnik dinars were the most frequent.

In the period from the 16th to the 19th century in the territory of today's Bosnia and Herzegovina, there was a variety of currencies, and the most frequent ones were Ottoman, Venetian and Austro-Hungarian. In Srebrenica, Sarajevo and Banja Luka there were also mints of Turkish currency, which are believed to have been operating in the 16th and 17th centuries.

Since 1878, Bosnia and Herzegovina became a part of the Austro-Hungarian monarchy, whose official currency was Florin/forint, which was replaced in 1892, by the Krone / korona. In addition, they were also Heller /filler in circulation, which replaced the earlier Kreuzer /kretzer.

During the 20th century, Bosnia and Herzegovina was a part of several states and all of them issued banknotes. The motives from Bosnia and Herzegovina were used on some banknotes, so, the Old Bridge in Mostar was shown on the 10 dinar banknote from 1939, and a standing tomb-stone from Donja Zgošća was shown on the 1,000 kuna banknote from 1943. In the period after the end of the Second World War, regarding the images related to Bosnia and Herzegovina, a note of 1000 dinars from 1946 stands out, showing the waterfalls in Jajce or a 10-dinar note with the image of Atif Heralić, worker of Ironworks from Zenica.

From 1992 until the introduction of a convertible mark, in the area of today's BH there were several currencies in circulation - the Bosnia and Herzegovina dinar, the Serb dinar, the dinar of the Federal Republic of Yugoslavia, the Croatian dinar, the banknotes and coins of kuna.

The Dayton Agreement and the Constitution of Bosnia and Herzegovina established the Central Bank of Bosnia and Herzegovina, which is the only institution responsible for issuing currency and implementing monetary policy throughout Bosnia and Herzegovina.

According to the Law, the CBBH has the exclusive right to issue banknotes and coins of KM, i.e. the CBBH Governing Board is the sole authority in Bosnia and Herzegovina, which makes decisions on the issuance of the legal tender and withdrawal from the circulation of the legal tender, throughout the Head Office, Main Units and other Branches in the Federation of Bosnia and Herzegovina and Republika Srpska.

The monetary unit of Bosnia and Herzegovina, a convertible mark (KM), which is divided into 100 fening (F) and represents the legal tender in the territory of Bosnia and Herzegovina, after putting the first KM banknotes and coins in circulation since 1998, has become a symbol of stability and reliability trusted by the citizens of Bosnia and Herzegovina. Such stability has never been questioned because of the consistent fulfillment of one of the basic tasks of the Central Bank of Bosnia and Herzegovina regarding the putting and withdrawing the domestic currency (convertible mark) into and from circulation, adhering to the strict rules of the currency board, defined by the Law on Central Bank Bosnia and Herzegovina.

The first banknotes of the convertible mark were issued on 22 June 1998, in the denominations of 50 fening, KM 1, KM 5 and KM 10. The banknotes in the denominations of KM 20, KM 50 and KM 100 were issued on July 27, 1998, and the banknote in denomination of 200 KM on 15 May 2002.

The first distribution of coins was carried out on December 9, 1998, in the denominations of 10, 20 and 50 fening. The coins in the denominations of KM 1 and KM 2 were issued on 31 July 2000, and the coins in the denominations of 5 fening and KM 5 on 5 January 2006.

In the previous period, for the purpose of more convenient use of coins in circulation, the banknotes in 50 fening denomination (ceased to be the legal tender on March 31, 2003), KM 1 (ceased to be the legal tender on December 31, 2008) and KM 5 (ceased to be the legal tender on December 31, 2009) were withdrawn from circulation.

The CBBH had the new quantities of banknotes and coins of KM produced by authorized organizations repeatedly. The basic design of banknotes was not changed at that time, but some of the security features were replaced with new ones, with the aim of a better protection of banknotes from counterfeiting, applying modern technologies and new achievements in this field.

The CBBH continuously ensures regular supply of banknotes and coins of Convertible Mark by meeting the requirements of commercial banks for KM cash, which is further supplied to citizens and legal entities. Also, the CBBH continuously withdraws and replaces banknotes and coins that have become unfit for circulation by use.

It is very important for the CBBH to ensure high quality, integrity and protection of banknotes and coins of KM in circulation, and, consequently, the public confidence in the currency of Bosnia and Herzegovina.

## THE HIGHEST LEVEL DOMESTIC AND INTERNATIONAL OFFICIALS WILL ATTEND THE INTERNATIONAL CONFERENCE OF THE CBBH



The preparations for organizing the international conference marking the 20th Anniversary of the Central Bank of Bosnia and Herzegovina (CBBH) continued during the summer months as well. The conference is the most important event for the CBBH to mark two decades of its operations and will be attended by the highest level local and international officials, Governors, Vice Governors and other senior central bank officials from 15 countries in the region and Europe, as well as high ranking officials from the European Central Bank, the European Union in BH, international financial institutions, Ambassadors and representatives of all the financial sector entities in the country.

The conference will consist of three sessions. During the first session, the former Governors and the current Governor of the CBBH would comment on the previous 20 years; the second session is dedicated to new challenges for central

banks in the process of joining the European Union, while the third relates to key macroeconomic aspects in the process of joining the European Union. It will be an opportunity to hear the experiences of other countries, some of which are already members of the European Union, some have opened chapters in the accession process, which will be very important. Sharing ideas and experiences will enable the CBBH, as well as the country as a whole, to better prepare for the path and the process ahead.



## THE CBBH RELEASED A CORPORATE VIDEO AND A TV SHORT VIDEO TO MARK ITS 20TH ANNIVERSARY

On the occasion of marking the 20th anniversary of the Central Bank of Bosnia and Herzegovina (CBBH), a promo video has been created and made public.

The video was released on the CBBH's YouTube channel (Centralna banka Bosne i Hercegovine/ Central Bank of Bosnia and Herzegovina), in both language versions (BCS and English).

In addition to this video, a short TV video was also created, and it was released in programme schemes of the broadcasters in BH.



## SOME PARTS OF THE CBBH BUILDING IN THE CENTRE OF SARAJEVO RECOVERED



During the summer months, recovery of the building of the Central Bank of Bosnia and Herzegovina (CBBH) in the centre of Sarajevo was done. The building is around 80 years old, and in time, some parts of the facade, sill plates and terraces on the southern side of the building were damaged, and the CBBH, taking into account its legal obligation to maintain

the building and keep it safe for citizens, has undertaken the activities on the repair of the building. Since the building has been declared a national monument, the beginning of works was preceded by a number of activities approved by the Institute for National Monuments Preservation.

## THE AWARD OF THE "CAPITAL FINANCE INTERNATIONAL" MAGAZINE TO THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA

AS WORLD ECONOMIES CONVERGE

The "Capital Finance International" magazine awarded the Central Bank of Bosnia and Herzegovina (CBBH) for the best central bank governance in Central and Eastern Europe in 2017 (Central Bank of Bosnia and Herzegovina – Banking Awards 2017 – Best Central Bank Governance – CEE 2017).

In explaining the award, this magazine says that it recognized the modalities of the CBBH which has contributed during the years of its operations to the continuous stability of

the country. Operating as an independent institution, the CBBH adhered strictly to the Currency Board arrangement, ensuring monetary stability by maintaining the full coverage of the domestic currency with the foreign exchange reserves which, among other things, creates preconditions for sustainable economic growth and country development.

The CBBH has expressed its satisfaction for this award that comes at the very best moment, in the days when this institution celebrates the 20th anniversary of its operations.

## THE PALESTINE MONETARY AUTHORITY VISITED THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA



Within the Project for promotion of financial education and inclusion between the Central Bank of Bosnia and Herzegovina (CBBH) and the European Fund for South Eastern Europe (EFSE), on July 18, 2017, the Palestine Monetary Authority, with the technical assistance of the Government of Germany, visited our bank as part of its study visit on the topic of debt counselling and financial education.

Namely, the Palestine Monetary Authority is an emerging central bank, and they stress the great responsibility for the financial education of the population, mostly through its respective Payment Systems Department and Public Relations Section.

The Vice Governor of the CBBH Želimira Raspudić welcomed the guests and thanked for the visit, and the representatives of the Palestine Monetary Authority thanked to the Vice Governor and the employees of the Human Resources Department and the Payment Systems Department for the presentation on the topic of financial education and establishing and operation of the payment systems at the CBBH, whose ideas will be of use for them in their future work.

Those present at the meeting agreed that this kind of exchanging the experience and using the best practices is the most effective form of education and knowledge transfer, and they are also hoping for future cooperation.

## THE CBBH PUBLISHED THE FOREIGN DIRECT INVESTMENTS STATISTICS FOR 2016

The Central Bank of Bosnia and Herzegovina (CBBH) published the foreign direct investments (FDI) statistics for 2016, which indicates that the FDI inflow in 2016 amounted to KM 536.3 million, or 1.8% of GDP.

In the structure of FDI, the inflow of KM 289.4 million was related to equity, KM 193.5 million was related to retained earnings, and the other capital category recorded the inflow of KM 53.4 million in 2016.

In terms of geographical distribution in 2016, the highest investment inflows were from Croatia (KM 119.0 million), Austria (KM 73.9 million), the United Arab Emirates (KM 66.0 million), Great Britain (KM 52.2 million) and the Netherlands (KM 51.0 million).

As per activities, majority of investments were realized in wholesale, amounting to KM 148.8 million, followed by the financial service activities (banking sector), in the amount of KM 139.1 million, in the production of tobacco products, in amount of KM 67.7 million, in the production of chemicals and chemical products, in the amount of KM 49.3 million, and in telecommunications, in amount of KM 34.2 million. The total amount includes also the investments outflows, with the highest outflow in the production of coke and the refined oil products, in amount of KM 58.1 million.

The balance of FDI also reflects the trends in the given period, but also other economic changes (re-valuation, foreign exchange rates etc.), thus, it provides additional information with respect to the observation of the flows only. In the end of 2016, the balance amounted to KM 12.96 billion, with the biggest portion of 68% related to equity.

The highest amount of FDI still refers to Austria (KM 2.5 billion), Croatia (KM 2.2 billion) and Serbia (KM 2.1 billion).

For the first time, the statistics on the FDIs going from Bosnia and Herzegovina abroad was introduced. As expected, the amounts are much lower than for the incoming investments, but they indicate that the residents do invest abroad, so in 2016, the flows of investments abroad amounted to KM 65.9 million. As a consequence of investments in the previous years, the total balance of domestic investments abroad amounted to KM 748.4 million.

According to the reviewing policy, when publishing the 2016 data, the amounts of flows and balances of foreign direct investments for the years preceding 2016 were reviewed.



## GOVERNOR SOFTIĆ AT THE CONFERENCE „REACCELERATING CONVERGENCE IN CENTRAL, EASTERN AND SOUTHEASTERN EUROPE“

On July 10 and July 11, 2017, Governor of the Central Bank of Bosnia and Herzegovina (CBBH) Senad Softić, Ph.D. participated in the conference entitled „Reaccelerating Convergence in Central, Eastern and Southeastern Europe, the Role of Governance and Institutions“ organized in Dubrovnik, Croatia, by the Croatian National Bank (HNB) in cooperation with the International Monetary Fund (IMF).

The topic of the conference was the role of governance and institutions in convergence, and special attention was given to the issues: where countries stand today regarding the convergence, what is the role of investment, of demography and productivity, as well as the prospects for bringing the living standard of the Central, Eastern and Southeast Europe countries closer to a more developed part of Europe, related to the slowed-down global growth and long-term unfavorable demographic trends, and what could be the roles of institutions and governments in these processes.

The conference was addressing also the past experiences in convergence and the challenges of the current growth, and

stressing the experiences of countries in the building of institutions and their role in the sustainable growth.

There was also a number of presentations and panels addressing the conference topic: strengthening of the gross national income per capita, i.e. challenges and ways of bringing this Region income level closer to the levels of the Western Europe.

Governor Softić also took part in the round table discussions with the IMF's Managing Director, Mrs. Christine Lagarde, and with the Governors from 16 countries of Central, Eastern and Southeastern Europe, as well as with Finance Ministers from several countries, he talked about the role of the IMF in the economies of these countries.



