

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ

INFO CBBH



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THE CBBH MARKED THE WORLD SAVING DAY

On October 31, 2018, the Central Bank of Bosnia and Herzegovina (CBBH) traditionally marked the World Saving Day, and the events on this occasion were organised for three days from October 30 to November 1, 2018.

On October 31, 2018, more than 60 pupils from the two primary schools, "Grbavica I" from Sarajevo and "Sveti Sava" from Eastern Sarajevo, together with their teachers, visited the CBBH premises in Sarajevo.

The pupils were welcomed by the employees of the Human Resources Department and Cash Management Department, who in the hall of the Head Office of the CBBH showed sample banknotes from the old times and explained the way of printing and protecting the KM banknotes.

After a short visit to the currency exhibition, the pupils visited the new building of the Head Office of the CBBH. In the lecture theatre, they attended a workshop where the creation of money, and the purpose and significance of savings were presented to them, but in an innovative and child-suitable way.

After the visits of primary school pupils, more than 90 high school students from the Combined High School from Maglaj and the Combined High School "Doboj-Istok" from Velika Brijesnica, with their teachers, visited the CBBH in Sarajevo. In the lecture theatre of the Head Office of the CBBH, the appropriate presentation was held by Vice Governor of the CBBH, Želimira Raspudić.

The World Savings Day was also marked in the CBBH Main Unit Mostar, which was visited by the third grade pupils of the Mostar Primary School "Antun Branko Šimić" and the students of the Mostar General Programme Secondary School. On the occasion of the World Day of Savings, a visit of the pupils of the Primary School "Ivo Andrić" and the students of the High School of Economics was organized in the premises of the Main Bank of Republika Srpska of Central Bank BH in Banja Luka. Appropriate activities on the occasion of this day were organized in Pale, in the premises of the Pale Primary School and the Pale High School, while in Brčko, in the premises of the CBBH Brčko Branch, there were organized visits of pupils of the First and Second Primary School and the students of the High School of Economics.

Suitable presentations adapted to pupils' age, were held on money management and importance of savings, aiming to create the awareness and development of these useful habits with kids from their earliest age. This was also an opportunity for students to become informed on the work and functions of the CBBH. The World Savings Day was an opportunity for distribution of appropriate publications to pupils – kids picture book entitled „Novko and Novčica in the Moneyland“[1], and a flyer for high school students entitled „What is Saving?“.

The events organized on the occasion of the World Savings Day, are the integral parts of the financial education that the CBBH has been carrying out in the recent years with the aim of strengthening financial inclusion and responsible financial management for the benefit of economic development and growth of Bosnia and Herzegovina. So far, the CBBH has been opened its door to pupils of primary and secondary schools and students from universities from all over Bosnia and Herzegovina and from foreign universities (USA, Austria).

These activities have been carried out within the Financial Education and Inclusion Promotion project, implemented by the CBBH and supported by the European Fund for Southeast Europe - Development Facility (EFSE DF).



CITIZENS' DEPOSITS AMOUNT TO KM 11.83 BILLION

According to the CBBH data, at the end of September 2018, total household deposits with commercial banks in BH amounted KM 11.83 billion, the highest level recorded so far. Deposits of households have the largest share in total deposits with commercial banks, being 55.4%, and therefore represent an important basis for financing and functioning of banks.

Observing household deposits by maturity, term deposits and savings deposits in September 2018, amount to KM 5.45 billion or 46.1% of total household deposits, out of which short-term deposits amount to KM 500 million, and long-term KM 4.95



billion. Transaction accounts and demand deposits make 6.38 billion KM or 53.9% of total household deposits.

Regarding the currency structure, household deposits in domestic currency amounted to KM 5.54 billion or 46.8% of the share, which is significantly higher than 6 years ago when the share of deposits in domestic currency was 36.4%. Deposits in euro amounted to KM 5,70 billion or 48.2%, while deposits in other foreign currencies amounted to KM 591 million or 5%.

The households in BH continuously increase their deposits, thus, compared with the situation at the end of September last year, they increased by as much as KM 808.9 million or 7.8%. However, there are significant differences in the pace of growth depending on the type of deposit. The fastest growing are the transaction deposits, which grew by 18.0% (or KM 489 million), then demand deposits increasing by 14.4% (i.e. KM 311 million). Time and saving deposits, which reflect savings, slightly increased and grew at an annual rate of 0.3% (KM 18 million).

The slower growth of the households term and savings deposits is also affected by the continuous decline in interest

rates in recent years. Interest rates on household deposits in the euro currency recorded a continuous decline over the past five years, with lower oscillations. Thus, for time deposits of households in euro with agreed maturity from 1 year to 2 years, they were reduced from 3.279%, the average rate for 2013, down to 1.188% in the first nine months of 2018. At the same time, for term deposits with an agreed maturity over 2 years, they were somewhat higher, but with the same downward trend of 3.945% in 2013 to 1.462% in the first nine months of 2018. For the same period, the interest rates on household term and savings deposits in KM with agreed maturity from 1 year to 2 years decreased from 3.262% to 1.276%, and for term deposits over 2 years in the range from 3.661% to 1.371%.

A stable domestic banking sector, with a reliable deposit insurance system, provides a guarantee to households to keep their financial assets in accounts in banks, through which they conduct current transactions or save for later times. Based on this confidence and the citizens entrusted funds, banks are able to provide financing and contribute to more efficient functioning and growth of the economy, and to assist in reducing informal transactions.

SAVINGS – BASIS FOR GROWTH AND DEVELOPMENT

The World Savings Day marks the memory of the First International Savings Bank Congress, held on 31 October 1924 in Milano, where representatives of the world's savings institutions, 350 of them from 27 countries in the world, sought a way out of the crisis caused by the First World War. At the congress they agreed that savings is essential for growth and development, and this day is devoted to promoting and strengthening public awareness of the importance of saving for modern economy and personal needs of every individual.

The importance of saving has always been very high, and it is the same nowadays, because it allows depositors to create reserves for future spending and help in financial difficulties. Savings, at the same time, create preconditions for financial institutions for lending to the real sector of the economy.

Cash deposits are funds of clients, mainly households, for which the client earns interest at the defined interest rate. BH citizens in commercial banks keep their deposits in convertible marks or foreign currencies either as short-term or long-term deposits, as demand deposits, and in the form of transaction accounts. The household deposits in BH have been continuously increasing. Despite currently low interest rates on deposits, households continue keeping their deposits in local banks, which is an indicator of the established and maintained confidence in the banking sector and in the deposit insurance system. At present, the deposit insurance programme, implemented by the Deposit Insurance Agency of Bosnia and Herzegovina, covers all deposits up to BAM 50,000.00.

On the occasion of the World Savings Day, within the financial education programme, implemented for several years already, the Central Bank of Bosnia and Herzegovina (CBBH) is organizing several appropriate activities. In previous years, these activities were mostly organized in the Head Office of the CBBH in Sarajevo, but this year they are organized in all the CBBH Main Units and Branches, and also in schools as needed.

Those are visits of pupils from elementary schools and students from high schools, during which presentations, adapted to their age, are organized. The topics of presentations are money management and the importance of savings, with the aim of raising the awareness and development of these useful habits with kids. Furthermore, the pupils and students are able to obtain from the CBBH employees all the relevant information on the main monetary institution in BH and its functions.

These activities have been carried out within the Financial Education and Inclusion Promotion project, implemented by the CBBH and supported by the European Fund for Southeast Europe - Development Facility (EFSE DF).

THE CBBH UPGRADED THE SINGLE REGISTRY OF BUSINESS ENTITIES' ACCOUNTS IN BOSNIA AND HERZEGOVINA



In order to improve the payment systems, the Central Bank of Bosnia and Herzegovina (CBBH) completed the upgrading of the Single Registry of Business Entities' Accounts in Bosnia and Herzegovina to the new platform and with new functionalities, which is to be operational as of 1 October 2018.

It is a Registry of all accounts of business entities that make payments in Bosnia and Herzegovina through accounts opened with banks and the CBBH. The novelty is that all accounts of business entities will now be registered in the Registry, while until now only the transaction accounts were there.

The Single Registry of business entities' accounts in Bosnia and Herzegovina will be useful primarily to commercial banks, tax authorities, administration bodies, law enforcement authorities and other levels of government, when investigating financial tools and transactions that companies and individuals can

exploit in unlawful way, for inst. for tax evasion and for money laundering purposes. The Registry will also provide information to all legal and physical entities, who are required to demand the collection of their claims through the authorized institutions' enforcement.

The Single Registry of business entities accounts in Bosnia and Herzegovina will be operated by the CBBH, but only the commercial banks shall be responsible for the accuracy and timeliness of submitted data.

The data from the Single Registry of Business Entities' Accounts in Bosnia and Herzegovina will be available to authorized users directly via the internet and for all other users in the form of individual reports. New thing also is that along with the CBBH and the entities' Banking Agencies, now the institutions, administrative bodies, local community bodies and commercial banks can have the free access via the internet. This novelty enables those entities to have regular on line access to the necessary data, having more efficient use than written requests.

The CBBH distribution of data from the Single Registry of Business Entities' Accounts in Bosnia and Herzegovina in the form of individual reports continues through its organizational units (Main Units and Branches), on the basis of a written request. Users will be able to download the reports personally, by fax or by e-mail. The novelty in the distribution of this type of report is that, besides the Main Units, now they can be taken over at the Branches of the CBBH in Brčko and Pale.

The all relevant information and information on the Single Registry of Business Entities' Accounts in Bosnia and Herzegovina can be found on the CBBH website - www.cbbh.ba, in the part related to payment systems.

BABH AND CBBH ORGANIZED AN EXPERT MEETING FOR THE MEDIA

On 25 October 2018, the expert meeting for the media representatives was organized by the Banks Association of Bosnia and Herzegovina (BABH) and the Central Bank of Bosnia and Herzegovina (CBBH) in Sarajevo at the CBBH premises, with the aim of exchanging opinions and deepening understanding regarding the laws in the field the banking industry and their direct influence on the work of banks and clients.

At this meeting, entitled "Legislation in the Banking Industry and Direct Impact on Customers", it was concluded, among other things, that improvement of financial literacy of banking service users is a common goal of banks and the media.

President of the Steering Board of the BABH, Dalibor Ćubela, said that the expert meetings such as this are an excellent opportunity to strengthen cooperation with the media in order to clarify the banking sector role in the development of the community, to educate citizens about the use of banking products and the close link between the development of economy and financial sector.

"We are all united in our efforts to create better living conditions in Bosnia and Herzegovina", said Ćubela.

"In the world of central banks, financial education and financial



inclusion are slowly becoming part of a mandatory task, as raising the awareness level of each individual is believed to be indirectly contributing to financial stability in the country. A financially educated client is a person who knows his/her limits, and as such is equally important for financial stability as well as all macro-prudential measures that are implemented at an institutional level. In the last several years, the CBBH has initiated, independently and in cooperation with partner organizations, a series of activities to raise the financial literacy of the population. In this respect, we would like to mention numerous seminars, educational visits to the institution, youth workshops and publications", the Governor of the CBBH, Senad Softić, Ph.D said.

"One of the fundamental goals of the new regulatory framework of the banking sector of the European Union is to strengthen banks' resistance to financial shocks and their transparency, with a special focus on end users of their services. Bearing in mind the above, I think this is a very important expert meeting aimed at better understanding of the ways in which banks operate, and it absolutely contributes to financial service users and journalists to better anticipate changes and to comment more adequately on certain processes in the banking sector", said an experienced banking risk manager Amir Softić, M.Sc.

"Education about bank operations, on how they work and report on their work, is of great importance to anyone interested in

banking, in reading their reports, transmitting information about them or interpreting their business. Banks are very specific financial institutions the understanding of which requires a high level of knowledge on their place and role in economy, as well as basic specific features of their business," said Velid Efendić, Ph.D., a professor at the Faculty of Economics in Sarajevo.

The BABH and the CBBH want to respond to the need for education on banking business, which will contribute to a better flow of information between banks and users of their services. Organizers expect that such forms of education will contribute to a better understanding of the place and role of banks in the economy of BH and creation of a more accurate picture on the banking system as a whole.



GOVERNOR SOFTIĆ AT THE 40TH MEETING OF THE GOVERNORS' CLUB OF THE CENTRAL ASIA, BLACK SEA AND THE BALKANS

The Governor of the Central Bank of Bosnia and Herzegovina (CBBH), Senad Softić, Ph.D. participated in the 40th Meeting of the Governors' Club of the Central Asia, Black Sea and the Balkans, which was held in Bucharest, the capital of Romania, from 19 to 21 September 2018.

The main subject of this meeting of governors, including representatives of large central banks such as Russia and China, was monetary policy and financial stability. In addition, fast payments were also discussed in the context of broader payment systems.

The discussion was conducted in three panels, entitled "How to formulate monetary policy and maintain financial stability against a stronger U.S. Dollar? How to respond to capital outflows? ", "Financial stability and growth prospects of corporate debt in emerging and developing countries", and

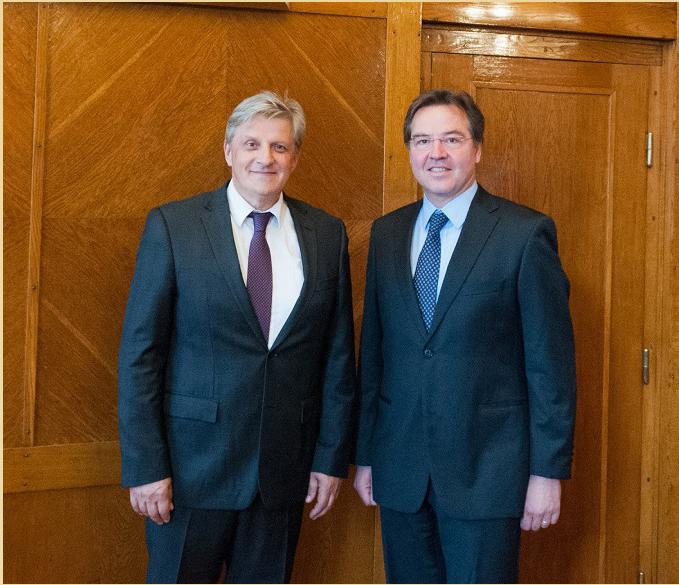
"Fast payments in the context of the broader payment system. Benefits and risks. Should they be promoted by financial regulators?"

Within the first panel, a report was presented by the working group which analyses topics of interest for all central banks between two meetings of Governors' Club. The CBBH Governor commented on the perspective of corporate debt growth in growing economies and developing economies within this panel.

Twice a year, the Governor's Club of the Central Asia, Black Sea and the Balkans brings together governors and other senior officials from the world of monetary policy and finance to exchange views on current issues and further improvement of mutual co-operation.



THE NEW HEAD OF THE IMF MISSION IN BH, MARTIN PETRI, IN THE INAUGURAL VISIT TO THE CBBH



On September 17, 2018, the Governor of the Central Bank of Bosnia and Herzegovina (CBBH) Senad Softić, Ph. D., met, in the inaugural visit, with the new Head of the International Monetary Fund Mission to Bosnia and Herzegovina, Martin Petri, who will replace in this position the former Head of the Mission, Nadeem Ilahi.

The topics of the meeting with Mr. Petri, among other, included the status of the implementation of the IMF program with Bosnia and Herzegovina, the program of the forthcoming international conference on the future of cash that the CBBH organizes on November 15, at which the opening statement will be given by a senior IMF official, as well as technical cooperation between the IMF and the CBBH.

Beside the new Head of the Mission for Bosnia and Herzegovina, the meeting was also attended by the former Head of the IMF Mission in Bosnia and Herzegovina, Nadeem Ilahi, who takes over a new duty after three years, the Resident Representative of the IMF in Bosnia and Herzegovina, Francisco Parodi, and also others officials from the IMF and the CBBH.

GOVERNOR OF THE CBBH AT THE ANNUAL MEETING OF THE INTERNATIONAL MONETARY FUND AND WORLD BANK HELD

From October 12 until October 14, 2018, Governor of the Central Bank of Bosnia and Herzegovina, Senad Softić, Ph.D., was attending the Annual Meeting of the International Monetary Fund (IMF) and World Bank (WB), which took place this year in Nusa Dua, Indonesia. As an Acting Governor in the World Bank during this year's Annual Meeting, by authorization of the Chairman of the Council of Ministers of Bosnia and Herzegovina, Denis Zvizdić, Ph.D., Governor Softić attended series of meetings with officials from the IMF, WB, as well as, from other international financial institutions.

One of meetings which should be specifically mentioned was the Plenary Session of the Annual Meeting of the IMF and WB, which was focused on the need to improve cooperation at the global level and on need to set up the new form of multilateralism with the goal to take on the global problems more efficiently, such as poverty, global warming and other problems which none of countries can efficiently deal with individually. Key message was that the time has come to stop rivalry and competition and, instead, to shift focus on investment in human resources, education, acquiring of skills and strengthening of the health and social protection system.

In addition to the plenary session, Governor Softić also attended the regular meeting of the Dutch-Belgian Constituency of the IMF and the WB to which Bosnia and Herzegovina belongs, on which the topics discussed at the plenary session were discussed with a focus on regional specifics. These meetings were also an opportunity to discuss topics on which the Constituency should have a stance at the meetings of the IMF and the WB.



During his stay in Indonesia, Governor Softić held a meeting with the Director of the IMF Department for Europe, Paul Thomsen, the WB Vice-President for the ECA region, Cyril Muller, IMF Executive Director Anthony de Lannoy and the Executive Director of the WB Franck Heemskerk. These meetings were used for discussions about economic trends, monetary policy, banking and financial sector, and on the current state of affairs related to the program of Bosnia and Herzegovina with the IMF.

At the invitation of the Governor of the Bank of Indonesia, Governor Softić, Ph.D., attended a high-level Conference organized in order to stimulate a debate on the topic of support to investment activities related to the maintenance of economic development, as well as, a regular presentation of the state of the regional economy, during which high officials of central banks and international financial institutions were discussing economic indicators.

HIGH USAID DELEGATION VISITED THE CBBH

On October 5, 2018, Governor of the Central Bank of Bosnia and Herzegovina (CBBH) Senad Softić, Ph.D. met with high USAID Delegation (United States Agency for International Development), today.

The USAID Delegation featured Gretchen Birkle, Deputy Assistant to the USAID Office for Europe and Eurasia, Kent Larson, USAID Mission Director in BH, Andrew Bogel, Director of the Economic Development Office of the USAID Mission to BH, Amira Vejzagic-Ramhorst, Deputy Director of the Office for Economic Development of the USAID Mission to BH, David King, Project



Manager USAID FINRA (Financial Sector Reform Activity) and Marko Škreb, Technical Director of USAID FINRA.

At the meeting the information were exchanged on the projects implemented so far by the CBBH with the assistance of the USAID, as well as current and planned activities.

The Governor used the USAID Delegation's visit as the opportunity to thank on the big assistance that this organization has provided so far in the process of reforming the financial sector in Bosnia and Herzegovina. During the meeting, he also mentioned numerous projects that have already been successfully implemented and completed, as well as an ongoing project - USAID FINRA, a program focused on the strengthening and stability of the financial sector in BH and its alignment with the EU standards.

"Through the projects it has funded, the USAID has made a key contribution to the efficient and rapid reform of the financial sector in BH. The CBBH has had support in the payments system reform, which is considered as the one of the most successful reforms in Bosnia and Herzegovina, as well as in the establishment of the Central Registry of

Credits of Physical and Legal Entities and in other projects, enabling the CBBH to perform better. Continuity of cooperation with the USAID was maintained through the FINRA project," said Governor Softić.

Congratulating the 20th Anniversary of the convertible mark, Ms. Gretchen Brikle emphasized that the US Government appreciates the stability and work of the CBBH, especially because a vital financial sector, with quick access to finance, is important for companies and clients: "For more than two decades, the USAID has been cooperating with the CBBH to build in the partnership the key financial sector leverage, including the Central Registry of Credits of Physical and Legal Entities. However, there is still space for the improvement, and the USAID will continue to support the CBBH in meeting these obligations," emphasized Mrs Brikle.

EMPLOYEES OF THE CBBH PARTICIPATED IN B2B RUN

The employees of the Central Bank of Bosnia and Herzegovina (CBBH) participated in the B2B run, held on 27 September 2018 in Sarajevo, in Vilsonovo šetalište Street.

The CBBH team included 43 employees, and they achieved very good results. The CBBH team won the prize for the MOST FIT team, and the women's team won the 3rd place in the overall ranking.

The best scores among the CBBH employees were recorded by Dejan Lučić, Vedran Milisav and Vesna Papić.



VOLUNTARY BLOOD DONATION ACTION

This year again, on 4 October 2018, the Central Bank of Bosnia and Herzegovina (CBBH) organized a voluntary blood donation action, in cooperation with the FBH Institute for Transfusion Medicine. The blood types and Rh factors were determined for all blood donors, as well as the hemoglobin levels in the blood, and transmissible diseases blood tests were performed.

The CBBH continues to break its record when it comes to voluntary blood donation action. This year 33 employees applied, and 23 of them were blood donors, in fact they were completely physically healthy for blood donation.



