

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ

INFO CBBH



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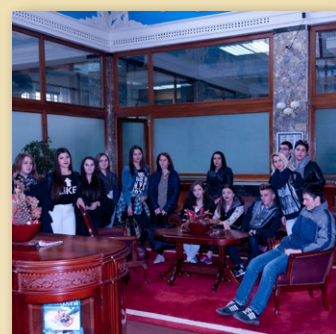
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Publisher: The Central Bank of Bosnia and Herzegovina; Address: Maršal Tito Street 25, 71000 Sarajevo

Board of Editors: Ernadina Bajrović, M.A. Vice Governor; Ankica Kolobarić, M.Sc. Vice Governor; Zijada Kovač, Head of Public Relations Section

Prepared by: Public Relations Section

Translation in English: Public Relations Section

Proofreader (languages of BH nations and English version): Library and Publications Section and Protocol and Translation Section

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HUMAN RESOURCES MANAGEMENT INFORMATION SYSTEM (HRMIS) HAS BEEN ESTABLISHED IN THE CBBH



In 2010, Bosnia and Herzegovina and the Federal Republic of Germany agreed to launch the Program of Strengthening of Public Institutions in Bosnia and Herzegovina to support institutions in improving the quality of services and meeting the demands of citizens in a better way. The Program of Strengthening of Public Institutions in Bosnia and Herzegovina will take ten years (2010-2020). The German Federal Ministry for Economic Cooperation and Development (BMZ) entrusted the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH the implementation of the German contribution to this program. The Central Bank of Bosnia and Herzegovina (CBBH) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), on 3 September 2014, signed a Memorandum of Understanding, which marked the continuation of the successful cooperation and the beginning of the implementation of Phase II (2014 - 2016) of the Program of Strengthening of Public Institutions, in which, besides the CBBH, eight other institutions participate. By signing the Memorandum of Understanding between the CBBH and GIZ, the commitment of the CBBH to the achievement of common reform objectives was confirmed, with the emphasis on the specific needs and planned results of the CBBH.

The Human Resources Management Department had earlier recognized the need to improve the human resources management system, but having in mind the complexity and the amount of the costs of this project, the possibilities for its development were very limited. Thanks to the cooperation with GIZ, the opportunities for the development of the Human Resources Management Information System (HRMIS) appeared. The objective was the automation of the processes within the Human Resources Department, the timely provision of information on all the aspects of human resources management, improving the exchange of information between different organizational units, creating a database on human resources and the setting up of the necessary records. In September 2013, the functional and technical specification of the project was made, and the realization of this project started, with the support of GIZ.

The system is designed as a modern multi-layered web application integrated with the existing Intranet, with the central database, where all the employees of the CBBH will have access only to the information which falls within their competence under the hierarchy or organizational structure. HRMIS should function in a way that will ensure the preservation of the integrity of software and data, and shall be available only to the authenticated and authorized users. The system should have protection based on the user roles and the user identity must be recorded in all the transactions in the system. All reasonable precaution measures must be built into the system in order to prevent accidental or deliberate unauthorized access to the personal information included in the system.

This information system has been fully implemented by Microsoft technologies, as a modular solution, and it consists of the following modules:

- Organization and job systematization - a module that includes the business process related to the creation of new systematization, modifying of the existing ones and history of changes.
- Personal records on the CBBH employees - a module that covers all personal information about the employees in the CBBH.
- The register of the employment contracts and the related annexes - a module that includes all contracts and annexes to contracts on employment in the CBBH, and other decisions that are related to the employment status.
- Workflow - a module that integrates business processes, which include decision-making processes. This module includes the following processes:
 - a) business trip
 - b) education
 - c) vacation



- d) records on sick leaves
- e) performance of additional activities
- f) unpaid leaves of absence
- g) paid leaves
- h) introduction of overtime and overtime remunerations
- i) other records.

- Administration of working hours of employees - this module includes keeping records on working hours through the HRMIS in a way that the data from the system for recording working hours are imported in the HRMIS, and after the verification by authorized persons, the data are imported into the application Salary. In this way, the process of keeping records on working hours has been largely automated.

- Employment - the module through which procedures for employment in the CBBH are conducted. The module covers all the aspects of the recruitment process under the current regulations.

- Reporting - this module is divided into units, where each unit refers to the reports from the above-mentioned modules.

- Human Resources Planning - this module automates the planning of human resources in the CBBH.

The Human Resources Management Information System has been implemented as a complete and comprehensive solution for the business processes of the Human Resources Department. In this way, all the processes and data related to the mentioned organizational unit are unified in a single system, the processes are automated, the data are available in electronic form, the rules defined by business processes are converted into an application solution, which will facilitate

the work of the Human Resources Department as well as of the heads of organizational units and all the employees of the CBBH.

The Human Resources Management Information System has been in a production base since February 2015 and it is used by the employees of the Department of Human Resources. During this process, the needs for corrections are identified, the needed corrections are made and the system is selectively made available to other CBBH organizational parts and to all the CBBH employees. Having in mind the complexity and scope of the above mentioned system, the Human Resources Department expects an active cooperation of all employees of the CBBH in the establishment of the overall production base, which is the process that will last at least additional six months.

The CBBH has confirmed a high level of professionalism, by assuming ownership over the project activities and processes. The active role of the CBBH is a guarantee for the sustainability of the achieved results.

As the biggest advantage of this system, we stress the fact that the CBBH employees want to improve the business processes, the fact that they have a vision and mission, and that our IT specialists have the knowledge, the will and the resources to maintain this system and to develop it in the future, since it is a "living system" that develops, changes and adapts itself to the needs of the CBBH.

Presentation of the HRMIS for representatives of public institutions and GIZ was held on 15 December 2015, and that for the CBBH employees on 22 December, 2015.

By Lejla Krkalić,
Head of Human Resources Department

SEMINAR “INTERACTION WITH INTERNATIONAL FINANCIAL INSTITUTIONS”



Graduate Institute of Geneva organized the seminar entitled “Interaction with International Financial Institutions”, that was held in Geneva, from 2 to 6 November, 2015. For the first time, this seminar was organized by the BCC program, in order to provide participants with better understanding of interaction with international financial institutions such as the International Monetary Fund (IMF) and the World Bank. The focus was on the activities that are the most relevant for central banks. The course was designed in a way that, during the first three days, after professors from the Graduate Institute presented the roles of international financial institutions, sessions were held that were focused on the most important missions of the IMF:

- “Article IV” - the mission which is the main channel through which the IMF carries out supervision;
- FSAP – estimation of the state of financial sector which is focused on the financial sector and is carried out in systemically important countries of the world and, if necessary, within the assistance programmes for the countries in crises;
- Assistance in the form of lending - carried out in various forms of lending and implies the inclusion of the country in issues related to macroeconomic policy.
- Technical assistance – the mission that usually accompanies the missions of monitoring and lending, and is carried out with a view to strengthening the capacities of the institutions responsible for policy-making.

Each of the sessions was designed in a way that the IMF representatives expressed their perspectives and then the high-ranking representatives of the monetary authorities of Slovenia, Uganda and Haiti presented their visions, from the perspective of the countries mission users / recipients. Sessions were accompanied by extensive and productive discussions on the specific activities of the IMF and each of the participants of the seminar expressed their experiences related to the IMF missions conducted in their countries. It is worth mentioning that less developed countries assessed that the IMF missions brought

significant benefits, since, in addition to financial assistance, they also provided the guidelines for further development of the financial system and macroeconomic policy, and the expertise to carry out certain activities. On the other hand, Switzerland assessed that the IMF missions are not financially justified in relation to the final result and that the IMF lacks flexibility when creating the final recommendations. However, they agreed that certain weaknesses in the financial system in their country were adequately identified. The last discussed, but not the least important issue, was the financial inclusion and development, since significant interaction with the international financial institutions in this area is expected in the future. The representative of the World Bank presented the interesting data obtained from a questionnaire which included a large number of countries around the world, and then the Governor of Haiti presented the perspective of their country in this area.

The fourth day of the seminar, although very demanding, was particularly interesting and useful. Although for the short period of time in a virtual world, the participants of the seminar found themselves in the roles of the Governors, Ministers of Finance and other relevant institutions in the country or in the roles of Head of the Mission of the IMF and IMF staff. Staff of the BCC program prepared for the participants the scenario based on economic situation in a fictitious country that faces certain challenges. Participants were divided into two teams. One team consisted of representatives of the institutions in charge for policy making in the country, while the other team consisted of representatives of international institutions. Each team was given specific instructions about the ultimate goal of negotiations. The focus of this exercise was the interaction between members of each team with different personal goals that needed to be reconciled so that they could negotiate with the other side, speaking with “one voice”. At the end, the public statements about the results of the negotiations were made, which completed the whole process. Each participant had the opportunity to share personal impressions with others after completing exercises and all of them evaluated the exercise as very interesting and useful.

The last day was reserved for the visit to the Bank for International Settlements (BIS) in Basel, where in several presentations, the role and the basic activities of the BIS were presented. The aim of the visit was to enable participants to better understand the interaction between the central banks which are included in the BIS forum and the process of regulatory reforms in the financial markets. Since Bosnia and Herzegovina is a European country, the activities of the BIS are not unknown to us and we are obliged to comply with European directives and standards. The representatives of the central banks of other countries who participated in the seminar assessed that information received from representatives of the BIS was very useful.

By Vesna Papić,
Head of Financial Stability Division

CONFERENCE “BANKS AND FINANCIAL INSTITUTIONS”: BANKS NEED STRONG ECONOMY



The Banks Association of Bosnia and Herzegovina organized the 10th conference entitled “Banks and Financial Institutions”, which was held on 24 November 2015 in Teslić. The Conference was focused on amendments on the Law on Banks. The law is expected to be adopted in the first quarter of 2016, and brings a lot of innovations, strengthens the banking coordination, the role of the Banking Agencies, introduces a new principle of dealing with banks that have problems and, the law will be in compliance with European directives.

The Reform Agenda, the implementation of the EU directives and adjustment of the banking legislation of Bosnia and Herzegovina to the European regulations, as well as the cooperation of banking community with the authorities in Bosnia and Herzegovina on the adoption of the laws that are directly related to the banking sector, but also the harmonization of the Entities’ laws, were the topics that were discussed openly and in quite specific terms by the representatives of commercial banks in Bosnia and Herzegovina, the Central Bank of Bosnia and Herzegovina (CBBH), the Entity Banking Agencies and the Ministries of Finance of the Federation of Bosnia and Herzegovina and Republika Srpska.

The Association of Banks of Bosnia and Herzegovina stressed that the banking sector in Bosnia and Herzegovina is of very good quality, well capitalized, liquid, and one of the most organized sectors in Bosnia and Herzegovina. They also emphasized that because of the changes occurring in the world and in our country, in the next ten years, banking is likely to become different from what we are used to, and the banks will have to be transformed into new models and will have new approaches to work in order to meet the challenges of the market and to be able to survive in long term.

The CBBH Governor, Senad Softić, Ph.D. said that the CBBH will continue its Currency Board as the monetary policy, and will not change the Law on the CBBH. At this time, the CBBH stands at the point that this is its greatest contribution to the monetary stability in our country. “For all other issues, we are open to see the possibility where the Central Bank may give its contribution to all of this that you are talking about” Softić said. The banking sector is, according to him, in a good situation - stable and liquid. Credit growth is weak, but deposits continue to grow and the

record highest profits were achieved. The rate of non-performing loans steadily declines and it is already below 14 per cent. He emphasized a good cooperation with commercial banks, and the harmonization of regulations at the highest possible level is in the interest of all. It is necessary to intensify meetings with the Banking Agencies, exchange of information and direct cooperation, and to improve the coordination with the Deposit Insurance Agency of Bosnia and Herzegovina.

There were no delays in the functioning of the payment system (RTGS and Gyro Clearing) in 2015. In accordance with the recommendations of international financial institutions, the CBBH plans to continue its activities to improve the operations and the functionality of payment systems, as well as better risk management in order to achieve the compliance with best international practices. After the adoption of the Law on Internal Payment System in the Federation of Bosnia and Herzegovina, the upgrade of the Single Register of Transaction Accounts follows. The full contribution of commercial banks, as the main users of the Central Credit Register, is necessary, in improving the quality of data reporting from the Central Credit Register, said Governor Softić. He also commented on the problem banks and the issues that should be continuously discussed with regulators and relevant institutions in the financial sector. He also pointed out the financial inclusion, stating that according to the World Bank data (Global Findex database), in 2014, 53% of adult population in BH have opened accounts at a formal financial institution, which is lower compared to the neighbouring countries. Financial literacy contributes to financial inclusion, which is the task of the CBBH, regulators and banks. The CBBH contributes by publishing educational materials on its website and through various media.

Speakers were also Directors of the Entity Banking Agencies. Slavica Injac, Director of the Republika Srpska Banking Agency, said that the legislation is very extensive. She stressed that this will continue to be so, since the new regulations on Bosnia and Herzegovina’s way to the EU are becoming more extensive and complicated. She pointed out the fact that the problem of small banks is open, and that large banks have much better positions. Zlatko Barš, Director of the Banking Agency of the Federation of Bosnia and Herzegovina, pointed out the situation in the banking sector in the Federation of Bosnia and Herzegovina and talked about the implementation of the recommendations of the Mission for Financial Stability (FSAP). He said that the FSAP mission, after the assessment of the financial sector of Bosnia and Herzegovina in May 2015, prepared and submitted to the competent institutions the reports with recommendations. The strategic commitment of Bosnia and Herzegovina is the accession to the EU. The challenge for the Entity Agencies is to implement the recommendations of the FSAP mission, given that they are mostly aimed at the harmonization with the EU regulatory framework. He added that the activities related to the creation of the new Entity Banking Laws were underway, the Entities’ Ministries of Finance being in charge of the activities, with technical assistance from the IMF. He pointed out the preparation of the new regulatory framework in Bosnia and Herzegovina, i.e. the Strategy for the Implementation of Basel III.

By Danijela Golijanin,
Public Relations Assistant

VICE GOVERNOR BAJROVIĆ AT THE SYMPOSIUM DEVOTED TO THE DAYTON AGREEMENT



On November 19, 2016, at the occasion of 20th anniversary of signing the Dayton Peace Agreement for Bosnia and Herzegovina, the Academy of Science and Art of Bosnia and Herzegovina, with whom the Central Bank of Bosnia and Herzegovina (CBBH) cooperates, organized a symposium entitled „Dayton Peace Agreement and the Future of Bosnia and Herzegovina“. The symposium addressed the Dayton from four points of view: historical, legal, political and economic.

While welcoming the participants, the President of the Academy of Science and Art of Bosnia and Herzegovina, Academic Miloš Trifković pointed out the importance of this gathering and stressed that the Academy treats the Dayton Agreement, as well as other issues, exclusively on scientific basis and that its basic task is to open scientific and research discussions, without politicized aspects.

The Minister for Human Rights and Refugees of Bosnia and Herzegovina, Semiha Borovac said that, if one do not talk about its deficiencies, after all, the Dayton Peace Agreement triggered the overall process of social reforms, which are visible and represent the foundation of Bosnia and Herzegovina road to European Union.

The Minister looked back on several aspects in which the progress has been achieved: seven years after signing, the Stabilization and Association Agreement between the European Union and Bosnia and Herzegovina came into force; it was adopted and signed Statement on European commitment of Bosnia and Herzegovina and needed reforms for progress of Bosnia and Herzegovina in the process of association to the European Union, the German-British initiative defined a new approach for Bosnia and Herzegovina and thereby many economic, social and political reforms were launched; at all levels of authority, the economic reform agenda was unanimously adopted and it clearly defining a lot of measures that represent the key goals in the area of public finances, business environment, social care, reform of public administration and rule of law.

The Vice Governor of the Central Bank of Bosnia and Herzegovina, Ernadina Bajrović, M.A., emphasized that the CBBH has been „a successful project of the Dayton Agreement“, that was established by its Annex 4. The Article VII of this Annex stipulates that the „Central Bank of Bosnia and Herzegovina is the only institution in charge of letting the currency in circulation and in charge of the monetary policy in entire Bosnia and Herzegovina“.

Looking back into CBBH history, being established on 1997, as well as on many challenges that this institution has faced in the past, Vice Governor Bajrović especially emphasized importance of a single Bosnia and Herzegovina's currency – convertible mark that, in 1998, when it was put into circulation, replaced four currencies, which had been used until then. Speaking about the Dayton Agreement from the economic and financial points of view and from the nowadays perspective, Vice Governor pointed out the fact that in the time when the Dayton Agreement was signed, nobody took the economic aspects of the Agreement into consideration, which are very important for the everyday life.

By Zijada Kovač,
Head of the Public Relation Section

STUDENTS FROM SECONDARY SCHOOL MAGLAJ VISITED THE CBBH



On 20 November 2015, students of the Secondary School from Maglaj visited the Central Bank of Bosnia and Herzegovina. Students, together with their teacher, were welcomed by the Head of the Department of Human Resources Lejla Krkalić and Manager of the Cash Operations Section, Biljana Samardžić, who presented to the students the banknotes exhibition, in the CBBH Head Office premises, passing through the history of banknotes used across Bosnia and Herzegovina.

Vice Governor of the CBBH, Ernadina Bajrović, M.A., talked to the students about the role and tasks of the CBBH. She especially emphasized the role of the CBBH in education of students – the CBBH celebrates the World Savings Day every year with children from primary schools, organizes visits for the students from the secondary schools and faculties, organizes, each



year, the internships for students from faculties in Bosnia and Herzegovina and study work for master and doctor degrees papers. These are the activities on which the CBBH is proud, given that in recent years, the interest of students to visit the CBBH and getting to know about its activities has been growing.

By Zijada Kovač,
Head of the Public Relations Section

THE CBBH REDISGNES THE WEB SITE

The Central Bank of Bosnia and Herzegovina (CBBH) has started a redesign project of the website www.cbbh.ba, which includes the creation of a new web-site on a platform that is strategically defined by the CBBH, in order to be able to maintain it independently, to the extent that the internal resources allow it.

To be more specific, the current design is dating from 2006, and its resolution meets only presentation on a desktop computer, which is no longer a trend in today's advanced technologies of the Internet. Also, due to the growing needs of users, since setting up the initial web site up to date, there has been a need for procuring of more modern system for the contents management.

The goal of the project is to improve the existing design and technological solution in order to make the web site useful for all technologies that are available, including mobile and tablet devices. In this way, the CBBH will update the web site and align it with current technologies, which is consistent with the safeguarding of the institution's reputation.

By Zijada Kovač,
Head of Public Relations Section

