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INFO CBBH



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THE NEW CBBH VICE GOVERNOR IS MILICA LAKIĆ PH.D.



The Governing Board of the Central Bank of Bosnia and Herzegovina (CBBH), at the 7th meeting held on May 30, 2016 in Sarajevo, has appointed Milica Lakić, Ph.D. for the CBBH Vice Governor, for the four years term of office period.

From the position of the Director of the Main Bank of Republika Srpska of the Central Bank of Bosnia and Herzegovina, Milica Lakić is assigned to the position of the CBBH Vice Governor and she will be in charge of the Sector for Monetary Operations, Cash and Foreign Currency Reserve Management.

Milica Lakić was born in 1970, in Kakanj. She holds a Ph.D. degree in economics and from 2007, she worked at the Banja

Luka College and the Independent University of Banja Luka, first as an Assistant and Senior Assistant, and then as an Assistant Professor of Economics. At the same time, she was the Head of the Council of the Department for the Economics and Management at the Banja Luka College. In 2010, she was elected an Assistant Professor of Economics in the scientific field of business finance and accounting and audit at the Independent University of Banja Luka.

She acquired the Master's degree in economics in 2007, at the University EDUCONS in Novi Sad, by defending the work on the topic "The role and importance of institutional investors at the financial market with an overview of the new EU member states". By defending the Ph.D. dissertation, entitled "The implementation of investment funds on the financial markets of the transition countries" in 2010, at the same university, she acquired the scientific Ph.D. degree in Economics. During her professional career, she performed various jobs and was in responsible positions, and has many years long consulting practice and experience. She has held a series of lectures at scientific conferences, presented a number of works at conferences in the country and abroad in the field of business finance, accounting and audit. She has published a series of articles on current issues in the financial markets from banking and modern trends in economy in Bosnia and Herzegovina and the region, which were published in professional journals.

GOVERNOR SOFTIĆ ATTENDED THE ECONOMIC AND FINANCIAL DIALOGUE BETWEEN THE EU AND COUNTRIES OF THE WESTERN BALKANS AND TURKEY



Governor of the Central Bank of Bosnia and Herzegovina (CBBH) Senad Softić, Ph. D., as a member of the Delegation of Bosnia and Herzegovina, with the Minister of Finance and Treasury of Bosnia and Herzegovina Vjekoslav Bevanda, attended the Economic and Financial Dialogue between the European Union and the Countries of the Western Balkans and Turkey, which was held on May 25, 2016 in Brussels.

Addressing the participants of the meeting, Governor Softić, on behalf of the CBBH, welcomed the EU initiative to launch a dialogue on economic governance with our country.

Presenting economic indicators for Bosnia and Herzegovina, Governor Softić said that BH economy has shown signs of recovery. Inflation is low, and the Currency Board Arrangement still remains an anchor of stability in the country. The financial sector is generally stable, but the biggest concern remains a high unemployment rate, the Governor said.

Within Reform Agenda, which was adopted at the end of the last year, we have expectations on improvement in the structural reforms and the implementation of the Agenda, according to the Governor, should help Bosnia and Herzegovina on its path towards the EU.

As the most important tasks of the CBBH in the future, Governor Softić stressed the maintaining of monetary stability, strengthening of the banking coordination and the role of the Standing Committee for Financial Stability of Bosnia and Herzegovina, introducing the oversight function within the

payment system and the expanding of the Single Registry of Accounts, as well as ensuring of timely and comprehensive statistics.

“Bosnia and Herzegovina will continue to implement reforms in order to achieve sustainable growth and fulfill the convergence criteria on our path to the EU and full membership status. The dialogue with the EU institutions will have a crucial role in shaping our future economic plans, institutional and regulatory changes. We expect the full support from the EU institutions in achieving these goals”, concluded Governor Softić in his speech in Brussels.

Minister Bevanda informed the participants in this dialogue that implementation of the reforms in Bosnia and Herzegovina has an upward trend, especially after submitting the application for the membership of Bosnia and Herzegovina in the EU.

In his speech, Minister Bevanda stressed that the Program of Economic Reforms for the period 2016 - 2018, is closely linked to the Reform Agenda, a document prepared in cooperation with the European Commission and international financial institutions, and that, accordingly, even lower levels of authorities in Bosnia and Herzegovina are implementing their action plans.

He emphasized that the Action Plan of the Council of Ministers includes 34 measures and by April of this year, 20 planned measures were fully implemented, which means that 55 percent of the Action Plan was realized.

According to Minister Bevanda, there are serious activities in costs rationalization and restriction in public administration employment, and the Medium-term Strategy of Public Debt Management of Bosnia and Herzegovina was adopted, which is very important for the sustainability of the debt at the state and entity level, and also the Decision on the Procedure of Medium-term Planning, Monitoring and Reporting in Institutions of Bosnia and Herzegovina was made.

The goal of all these measures, in which the Ministry of Finance and Treasury of Bosnia and Herzegovina had the key role, is to maintain fiscal stability and create conditions for attracting investments.

Minister Bevanda stressed that he would insist on a rigorous implementation of all the recommendations in order to fully implement the Program of Economic Reforms.

SUMMIT OF FINANCE MINISTERS, GOVERNORS AND DIRECTORS OF TAX ADMINISTRATIONS HELD IN BEČIĆI



The Summit of Finance Ministers, Governors and Directors of Tax Administrations, where the Governor of the Central Bank of Bosnia and Herzegovina Senad Softić Ph.D. participated, was held on June 10 and 11, 2016, in Bečići (Montenegro).

Within the Summit, which was called “The Financial Stability of the Region in the Changed Global Circumstances” Governor Softić took part in the panel of the central bank governors from the region on key challenges for monetary policy and bank supervision in 2016. In this panel, a number of current topics were discussed including the possible consequences of the new policies of the FED and the ECB on monetary policy, interest rates and exchange rates of local currencies

in the Western Balkans, the global currency war and the consequences for the countries of the region that do not use euro, the stress tests and systemic risks in the banking sector, the advantages and disadvantages of “inflation targeting”, interest rate policy in 2016, the euro as currency – advantages and disadvantages, new models of regional cooperation.

Governors of the central banks of the region, in discussion, commented on the issue of political instability that influences the rates of growth in the region. Governor of the National Bank of Macedonia Dmatar Bogov said that this country had the highest growth in the region, monetary policy had favorable environment and therefore the interest rate of the

Central Bank was reduced, that influenced the reduction of interest rates on loans. But, political crisis that followed was reflected in the growth, so this country finished 2015 with 3.7 percent of GDP growth, instead of the expected 4.2 percent of growth. Beside the internal crisis, there was a shock from the Greek crisis, since two Greek banks operate in this country. However, there were no large shocks for monetary policy and the foreign exchange reserves stayed stable, the Governor of the Macedonian National Bank said.

Vice Governor of the Croatian National bank Majkl Faulend stressed that political risk is a very strong argument for high interest rates, and added that there is no sense for the gravity of situation, that structural reforms are not implemented or they are not so intensive as they should be.

The CBBH Governor pointed the fact that the banking sector in BH has excessive liquidity, while the economy needs money, and that is a paradox. Governor Softić stressed that the CBBH is specific in relation to other central banks, because it operates in Currency Board arrangement in which domestic currency is pegged to the anchor currency - euro. That has proved to be good, and the recent agreement with the International Monetary Fund confirms that this is a stable framework, he said.

Governor of the Central Bank of Montenegro Milojica Dakić stated that this country is in process of negotiation on EU accession in which the Central Bank has an important role. Therefore, with the aim of further adjustment of regulations with the acquis, this country started the change of the Law on

the Central Bank and required reserves of banks. As he said, this year started well for Montenegro, because, according to the recent data, there were 250 million euro of new loans, which is a growth of 31.4 percent related to the last year. The quality is also improved, since non-performing loans are lower by more than one half, amounting to 11.99 percent of the total loans which is below the regional average.

Vice Governor of the Bank of Slovenia Primož Dolenc said that, since this country is in the EU, there are many institutions protecting the banking sector and financial stability. He said that the Bank of Slovenia is much better organized than in the period when it was not in the system, that system has advantages and disadvantages, but advantages are more dominant related to disadvantages.

Milan Čulibrk, the editor in chief of the weekly papers NIN, that organized this gathering, concluded the panel of Governors by stating that things in the region, for one year, have been changed significantly, and central banks should decide whether they will behave as the Federal Reserves (FED) and the European Central Bank (ECB) and print money to support growth and inflation.

GOVERNOR SOFTIĆ IN HIS FIRST VISIT TO THE CBBH BRANCH IN BRČKO AND TO THE MAYOR OF DISTRICT



Governor of the Central Bank of Bosnia and Herzegovina (CBBH) Senad Softić Ph.D. and Vice Governor Ernadina Bajrović M.Sc. visited on 18 May, 2016 the Branch of the CBBH in Brčko, where they talked with Director Jasminka Burić about the operations of this branch.

The visit to the CBBH Branch in Brčko was also an opportunity for the official meeting of Governor Softić and the Mayor of Brčko District of BH Ante Domić, Ph. D. "It was an opportunity to inform each other on the intentions

for the development of the Central Bank branch here in the area of Brčko District as well as about the way of the organization of work, financial flows and the possibilities to improve cooperation and the position of the Central Bank as one of the key financial institutions," said the Mayor of Brčko District of BH.

He stressed that this meeting was also an opportunity to make an assessment on the trends in the financial markets and the possibility of improvement or using of the financial markets for economic development, employment and the prevention of all negative trends that accompany this sector. "Until now, the Central Bank of Bosnia and Herzegovina has shown its great interest in the area of Brčko District of BH, since it established its branch here at the very beginning, but also the cooperation between financial institutions of Brčko District and the Branch of the Central Bank has been excellent so far," Domić said. The visit of the Governor confirmed the commitment that this cooperation would be even better in the coming period.

PROTOCOL ACTIVITIES AND BUSINESS MEETINGS



On May 23, 2016, the Ambassador of the Islamic Republic of Iran in Bosnia and Herzegovina, H.E. Mr. Seyed Hossein Rajabi and his associates visited the Central Bank of Bosnia and Herzegovina (CBBH), where he met with the CBBH Governor Senad Softić, Ph.D. Iranian Ambassador informed the Governor Softić about the intensified cooperation of IR Iran with the European and world countries, after withdrawal of the sanctions to this country. IR Iran is also interested in the renewal of economic cooperation with Bosnia and Herzegovina. In terms of this, the Ambassador informed the Governor about the obstacles which the Islamic Republic of Iran has been encountering in Bosnia-Herzegovina, even after sanctions' withdrawal, mentioning that Bosnia and Herzegovina still has not withdrawn sanctions to this country, and that the obstacles for cooperation and implementation of potential future projects also exist in the banking sphere.

Within the protocol activities, on June 20, 2016, the CBBH was visited by the Head of the Delegation of the European Union (EU) in BH and EU Special Representative in Bosnia and Herzegovina, H.E. Ambassador Lars-Gunnar Wigemark and his associates. Ambassador Wigemark was interested in the implementation of monetary policy, the Reform Agenda and arrangement of Bosnia and Herzegovina with the International Monetary Fund (IMF). Governor Softić stressed the commitment of the CBBH and the support of the Bosnia and Herzegovina authorities to continue the implementation of the Currency Board arrangement, which has provided monetary stability and contributed to the stability of the banking and financial sector as a whole. Ambassador Wigemark expressed strong supports to the continuance of the implementation of Currency Board and independence of the CBBH in its operations. "The Central Bank of Bosnia and Herzegovina is one of the institutions that play a key role in maintaining of the monetary and financial stability and the implementation of macroeconomic policies, which are important for the continuation of reforms, growth and jobs creation", said Ambassador Wigemark during discussion with the CBBH Governor and Vice Governors.

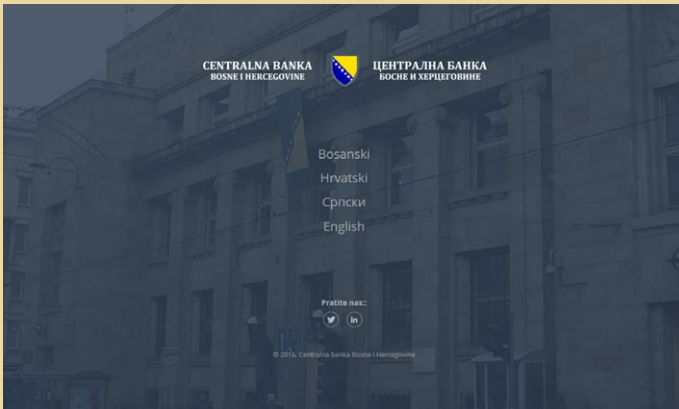
From 3 to 5 June, 2016, Governor Softić attended a meeting of the Dutch-Belgian Constituency of the International Monetary Fund (IMF) and the World Bank (WB), which was held in Kiev (Ukraine). The meeting was focused on the current economic



and financial topics in the member states of the constituency, and some of the topics were how to ensure stronger economic future of the constituency in transition circumstances, and economic implications of the movement of refugees. Within the session on the movement of commodity prices in the global market, especially oil, the focus was on the different impacts of these developments on the member countries of the constituency, and the importance of economic diversity and stability of the financial sector for the strengthening of these different economies, has been stressed.

The Governor, also, attended the 35th meeting of the Governors' Club of the Central Asia, Black Sea and the Balkans region, held on June 17, 2016, in Kazakhstan. Governor Softić presented macroeconomic indicators for Bosnia and Herzegovina, and emphasized the future tasks of the Central Bank of Bosnia and Herzegovina: the maintenance of monetary stability, strengthening of banking coordination and the role of the Standing Committee for Financial Stability of Bosnia and Herzegovina, introducing oversight functions within payments transactions system, provision of timely and comprehensive statistics, and showed the importance of the role of the Central Bank of Bosnia and Herzegovina in the European integration.

REDESIGNED WEB SITE OF THE CBBH AVAILABLE TO THE USERS



On June 2, 2016, redesigned web site of the Central Bank of Bosnia and Herzegovina (CBBH) became available to the users. The access to the web site is possible over former link www.cbbh.ba, and new design completely replaced the previous web site.

The CBBH launched the redesigning project of the www.cbbh.ba web site, which meant preparation of the new web site, on

the platform that was strategically determined by the CBBH, in order to maintain it independently to the extent that the internal resources have allowed.

The previous design dated from 2006 and by its resolution was satisfactory only for the presentation on desktop computer which is not a trend in today's advanced internet technologies. Also, due to the growing needs of users, since the setting of the initial web site, there was a need to acquire more modern system for managing the contents.

For these reasons, the CBBH decided to improve design and technological solution in order to make web site usable in all actual technologies at this moment. In that way, the CBBH modernized web site and adjusted it to the current actual technologies. At the same time, web site redesign ensured higher level of protection of the contents from the intrusion.

Web site kept the previous type of portal in four languages – Bosnian, Serb in Cyrillic, Croatian and English.

STUDENTS FROM GRAZ VISITED THE CBBH



The Central Bank of Bosnia and Herzegovina (CBBH) hosted on May 18, 2016, the group of postgraduate students of Karl-Franzens-University from Graz (Austria) who expressed their wish to visit the CBBH in order to gain more knowledge about the work of the institution, its responsibilities and relations with other institutions. The Vice Governor of the CBBH Ernadina Bajrović, M.Sc. hosted the students and in her speech, she paid special attention to the Strategy of Human Resource Management in the CBBH.

At the beginning of the presentation, Vice Governor Bajrović informed the postgraduates about the activities of the CBBH as an independent state institution which is the only one in Bosnia and Herzegovina responsible for the implementation of monetary policy and issuing of currency, which is defined

by the Law on the Central Bank and the Constitution of Bosnia and Herzegovina. The CBBH implements a Currency Board policy and within this arrangement it cannot act as a lender of last resort. The only instrument that is available to the CBBH is reserve requirement, explained the Vice Governor, and then she presented the organization of the CBBH. The main principles of the CBBH are independence, credibility, responsibility, confidence in the CBBH and a very high reputation of the CBBH in the country. The main tasks of the CBBH are the maintenance of the stability of the domestic currency; issuing of the currency in accordance with the Currency Board Arrangement; management of foreign exchange reserves; currency management, including notes and coins as a legal tender; support and maintenance of payment and settlement systems; coordinates activities between the Entities' Banking Agencies; represents Bosnia and Herzegovina in all inter-governmental meetings, bodies and organizations in the field of monetary policy and other matters within the jurisdiction of the CBBH; collecting of statistical data on economic and financial developments; has the role of fiscal and banking agent of the state.

The CBBH pays a special attention to the human resource management, taking into account the fact that banking operations are based on human resources, and that we are aware that "people in the Bank are its greatest asset." "However, the employees, without adequate training or motivation, can eventually become a problem, not capital," said Vice Governor Bajrović.

Department of Human Resource Management is responsible for all matters related to human resources, but also for technical cooperation in the CBBH. Talking about the CBBH human resources, Vice Governor Bajrović looked back briefly on the history of human resources management: in the period from 1997 to 2007, human resources were organized as a Human Resources Section, from 2007 to 2013, as the Department of Human Resource Management with three Sections, and from 2013 onwards as the Department of Human Resource Management with two Sections. In 2010, the CBBH conducted a Twinning Light Project of the European Union for human resources management which was implemented in cooperation with the Deutsche Bundesbank and the Czech National Bank. The first Strategy for the Development of Human Resources Management of the CBBH has been done for the period 2011 - 2015, and the Human Resource Management Information System (HRMIS) was implemented in 2015.

At the time when it was founded, in 1997, the CBBH had only 45 employees, while at the end of 2015 the number was 354, and the Vice-Governor presented the education, age and gender structure of employees in the CBBH.

Speaking about the strategic goals of human resources management, Vice Governor Bajrović emphasized efficiency, maintenance and the real increase in the number of employees, and continuous improvement of existing human resources. The policy of human resources management in the CBBH is based on common values and basic principles of human resource management and can be divided into four main areas:

- Recruitment through vacancy notices and internal notices related to the development of staff in line with the corporate culture;
- Staff development;
- Conditions of employment – the CBBH ensures good working conditions and safety;
- Corporate culture that is shaped by adopted common values, differences and professional ethics.

At the end of the presentation, Vice Governor emphasized the planning of human resources, education and training for employees, which is also an integral part of the planning of human resources, and the standardization and optimization of operational processes.

Future tasks in the CBBH human resources management, are related, among other things, to the revision of the Strategy of Human Resources Management in accordance with the Strategic Plan of the CBBH for the period 2016 - 2021, the preparation for integration into the EU in terms of achieving the standards and best practices of central banks of the EU, the new organization and job descriptions in line with European standards, and a new assessment of the performance and efficiency.

The students of Karl-Franzens-University, 36 of them with their professors, have expressed their gratitude for the hospitality, excellent presentation and the overall organization of the visit to the Central Bank of Bosnia and Herzegovina. In addition to visits of students of international schools, this was the first visit of students of a faculty from abroad, but in 2017, the CBBH expects new similar visits, which are an integral part of one of the tasks of the CBBH, and that is to educate young people about the CBBH and its activities.

