

CENTRALNA BANKA  
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА  
БОСНЕ И ХЕРЦЕГОВИНЕ

# INFO CBBH





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

## THE CBBH WILL ORGANIZE THE INTERNATIONAL CONFERENCE ENTITLED “20 YEARS OF STABILITY” IN SEPTEMBER THIS YEAR



Within the activities of marking the 20th anniversary of the Central Bank of Bosnia and Herzegovina (CBBH), the 22nd September 2017 is decided to be the date when the international conference entitled “20 Years of Stability” will be organized. The name of the conference is also the slogan under which the CBBH, during the year, will conduct all activities related to the celebration of this anniversary. Related to this, a letter of invitation was sent to the members of the Presidency of Bosnia and Herzegovina and the conference panelists - high officials of the European Central Bank, the International Monetary Fund, the European Commission, the European Bank for Reconstruction and Development and the governors of the central / national banks of the region: Serbia, Albania, Bulgaria, Montenegro, Croatia, Romania and Slovenia. The Executive Committee for marking of the CBBH 20th anniversary also defined the preliminary program of the conference. The preparation of the money exhibition at the National Museum of Bosnia and Herzegovina has been initiated, with the proposal for the exhibition to be officially opened on August 11, 2017, on the day of the CBBH anniversary, and closed on September 22, 2017, on the day of the international conference.

## THE BALANCE OF PAYMENTS OF BOSNIA AND HERZEGOVINA FOR 2016



The Central Bank of Bosnia and Herzegovina has published the data on the balance of payments for 2016. According to these data, the current account deficit amounted to KM 1.31 billion, which is lower by around KM 266 million compared to 2015.

In relative terms, the current account deficit amounted to 4.4% of GDP, which is a significant decrease compared to 5.5% of GDP in 2015.

The main reason of the current account deficit is a significant imbalance in the foreign trade of goods. The deficit in the trade in goods in 2016 amounted to KM 7.20 billion and was lower

by around KM 219 million than in 2015, which was the result of the increased exports of goods. A surplus of KM 2.15 billion was achieved in the balance of services, which is higher by around KM 65 million compared to the previous year, which was affected by the increased revenue from tourism.

The surplus of primary income slightly increased, amounting to KM 160 million, while the secondary income surplus amounted to KM 3.58 billion and was slightly lower compared to 2015. The most important item of the secondary income was received current transfers, which in 2016 amounted to KM 3.58 billion. Out of that, personal transfers or remittances from foreign countries amounted to KM 2.44 billion, while the other current transfers, those predominantly being pensions from foreign countries, amounted to KM 1.14 billion.

In the capital account, the balance amounted to KM 355 million, which is lower by KM 47 million compared to the previous year.

In the financial account, the recorded net inflows amounted KM 783 million (KM 1.02 billion in 2015), indicating a further growth of the liabilities towards non-residents which financed the current account deficit. Within the financial account, the foreign direct investments (the net liabilities) in BH in 2016, amounted to KM 460.6 million and recorded a decrease compared to 2015 by KM 55.6 million.



## THE CBBH PUT IN CIRCULATION ADDITIONAL QUANTITIES OF BANKNOTES AND COINS, PRINTED AND MINTED IN 2017



The Central Bank of Bosnia and Herzegovina (CBBH) put into circulation the convertible mark banknotes in the denominations of 10, 50 and 100 KM and the coins in the denominations of 5, 10, 20 and 50 fening and 1 KM, additionally printed and minted in 2017.

The banknotes and coins of the mentioned denominations, issued in 2017, have been printed and minted within the regular business activities of the CBBH, aiming to provide the sufficient quantities of the banknotes and coins of the appropriate denomination structure for the cash payments needs in BH. The newly issued banknotes will replace the circulating banknotes of the previous issues having been

worn out over the past years, which will be withdrawn from circulation. The banknotes of the previous issues, the quality of which is satisfactory in accordance with the CBBH standards, as well as the coins of the previous issues, will remain in circulation as the legal tender.

The main features of the banknotes printed in 2017 remain the same as those of the prior issue banknotes, with the exception of the numerical sign "2017" as the year of printing specified on the new issue and the signature of the CBBH Governor "Senad Softić". Also, the characteristics of the additional quantities of coins minted in 2017 remain the same, but the reverse side of all the denominations of the coins includes the numerical sign "2017" as the year of the minting of the mentioned denominations.

The printing and minting of new quantities of the convertible mark banknotes and coins has no inflationary effect, because no KM shall be put into circulation without observance of the Currency Board principle, which means that each issued convertible mark has the foreign currency coverage at the fixed exchange rate.

The banknotes and coins will be put in circulation successively, i.e. as needed, through the CBBH Main Units and Branches.

## THE IMPLEMENTATION OF THE NEW CBBH DECISIONS FROM THE PAYMENT SYSTEMS FIELD STARTED



From 1st March 2017, the implementation of the new Decision on determining the fees charged for the services provided by the Central Bank of Bosnia and Herzegovina (CBBH) and the implementation of the new Decision on defining operational rules for the giro clearing have begun. According to these decisions, motivated by the modernization of the payment systems adapted to the directives of the European Union, i.e. introducing SEPA formats, in the giro clearing system (performing payment transactions for banks up to KM 10,000), four settlements have been introduced instead of the previous three settlements, enabling legal and natural persons to have

their payment orders processed more often during the day. Also, the fees charged for performing the payment transactions in the giro clearing system are changed as it follows:

- KM 0.20 per transaction in the first settlement (instead of KM 0.10 charged by now),
- KM 0.25 per transaction in the second settlement (instead of KM 0.15 charged by now),
- KM 0.30 per transaction in the third settlement (instead of KM 0.20 charged by now), and
- KM 0.35 per transaction in the fourth settlement.

Also, instead of the amount of KM 0.30 charged so far, the fee for accessing the Central Credit Registry (CRC) is now KM 1.00 according to the new Decision on determining the fees charged for the services provided by the CBBH.

These decisions make it possible to evaluate more efficiently the payment system services (giro clearing, account registers, Credit Registry, RTGS, SWIFT, EMTN ...) related to improving and increasing of the quality and speed of the service provision, as well as through the planned upgrade of the payment systems according to the recommendations of the Financial Sector Assessment Program (FSAP) of international financial institutions.

## CARD TRANSACTIONS IN BH



According to the Central Bank of Bosnia and Herzegovina (CBBH) data, 24 commercial banks in BH provided card transaction services at the end of 2016. The global brands are in question: MasterCard, Visa and American Express, while only three banks offer the only domestic card - Bamcard.

Last year, the total number of active cards was 2,042,280, as different from 2015, when there were 2,013,219 cards held by citizens of Bosnia and Herzegovina. This was an increase of 29,061 cards compared to 2015.

The value of the card transactions in the country and abroad in the last year amounted to KM 8,791,381,069, which was the increase in comparison to 2015, when the value of the transactions amounted to KM 7,663,585,465.

In 2016, out of total value of card transactions in the country and abroad, cash in the amount of KM 6,244,340,685 or 71% of value was withdrawn at ATMs, and KM 2,547,040,384 or 29% of the value was realized at the POS terminals. In the past year, the percentage of realized cash by the ATMs and

POS terminals amounted to 82%, and the value of goods and services amounted only to 18% of the total card transactions.

The average value of a transaction was KM 112 in 2016 and it increased by KM 3 compared to 2015. The average annual turnover per card in 2016 amounted to KM 4,305 unlike 2015, when it was lower amounting to KM 3,807. So, the increase in the amount of KM 498 was recorded.

Last year, at the ATMs and POS terminals of the banks abroad, the transactions of citizens of Bosnia and Herzegovina made by using the cards issued in our country amounted to KM 493,665,871 which is higher by KM 62,836,827 compared to the previous year. Out of this amount, the cash withdrawn via ATMs and POS terminals amounted to KM 157,432,300, and the goods and services, paid at POS terminals, amounted to KM 336,233,572.

In 2016, the transactions of foreign citizens, using cards issued by their foreign banks, at ATMs and POS terminals of BH banks, amounted to KM 1,469,698,415, out of which, the cash withdrawn via ATMs and POS terminals amounted to KM 1,075,006,118, while the goods and services paid via POS terminals amounted to KM 394,692,297.

Banks are working intensively on introducing an increasing number of ATMs and POS terminals. During the last year, there was the total of 1,512 ATMs and 27,353 POS terminals installed, out of which 26,324 in stores and 1,029 at bank counters.

All banks in Bosnia and Herzegovina offer internet banking or some kind of electronic banking. The data show a strong increasing trend of the number of clients using these services. This type of service included the total of 383,761 persons, while in 2015, there were 314,777 persons using such service. Out of the total number of the users of internet or some kind of electronic banking, 48,053 were legal persons and 335,708 were natural persons.

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## REPRESENTATIVES OF THE US FEDERAL RESERVES VISITED THE CBBH



On 29 March 2017, representatives of the Federal Reserve (FED) from New York visited the Central Bank of Bosnia and Herzegovina (CBBH), where they met with the Governor of the CBBH Senad Softić, Ph.D. and his associates and discussed the possibility of establishing correspondent relations and cooperation between these two institutions.

Since FED New York, on behalf of the Federal Reserve System of the United States, provides banking and other services to other central banks in the world, governments and international official institutions (about 200 entities), the CBBH sent a request to this institution for establishing correspondent relations and using the services provided by the FED New York.

Considering the fact that the CBBH, in accordance with the Law on the CBBH, operates under the arrangement of the Currency Board and that the domestic currency is pegged to euro, there is a legal limitation of the amount of funds that can be held in other non-euro currencies. Nevertheless, the CBBH is interested in examining the possibility of investing in US securities through the FED, which was discussed during the meeting.

## DELEGATION OF DG ECFIN VISITING THE CBBH



On 6 March 2017, Delegation of the Directorate General for Economic and Financial Affairs of the European Commission (DG ECFIN) visited the Central Bank of Bosnia and Herzegovina (CBBH). The Delegation was headed by Director, Ms. Elena Flores.

The visit of the Delegation, talking with the CBBH Governor, Senad Softić, Ph.D. and his associates, was related to the evaluation of the BH economic reform program 2017 - 2019, and the drafting of policy guidelines, which are to be adopted in their final version on 23 May 2017, at the meeting of the European Union (EU) member states and the countries of

the Western Balkans. Ms. Flores used her visit to BH in order to get the information on general economic issues.

According to the Governor, the CBBH will continue with the regular activities stipulated by the Law on the CBBH. In addition to regular activities, this year, modernization and upgrading of the gyro clearing system, the Single Register of Transaction Accounts and the Central Registry of Credit are planned, which will enhance the transparency of the financial and payment systems, the data accuracy, the abuse prevention and money laundering prevention. These activities are in line with the standards and best practice in the countries of the region and the EU, and they have multiple benefits to all stakeholders in the financial and economic system of BH, said Governor Softić.

The DG ECFIN Delegation was also interested in BH economic growth, the Currency Board arrangement, banking sector issues, and foreign direct investment inflows, specifically whether the FDI decline in 2016, was a cause for concern and what led to this decline. One of the topics that was discussed, was statistics related to data on inflation and data on government finances.

## GOVERNOR SOFTIĆ TALKED WITH THE EBRD BOARD OF DIRECTORS



On March 28, 2017, the Governor of the Central Bank of Bosnia and Herzegovina (CBBH), Senad Softić Ph.D., with his associates, met with the Board of Directors of the European Bank for Reconstruction and Development (EBRD), who arrived in a three-day visit to Sarajevo within preparation of the new EBRD strategy for Bosnia and Herzegovina for 2017-2021.

The purpose of the visit to the CBBH was to become informed about risks and challenges that the banking sector of Bosnia and Herzegovina is facing, about new legislation regulating the banking sector and deposits insurance in Bosnia and Herzegovina, as well as about expected impact of this legislation on the financial sector. Also, the EBRD delegation used this opportunity to be informed on

macroeconomic indicators for the country with the special focus on developments in financial sector.

During the talks, Governor Softić expressed the pleasure about the visit of the Board of Directors, and, at same time, pointed out a positive role of the EBRD as one of the most important institutional investors to Bosnia and Herzegovina during the last 20 years, expressing his hope that this Bank will stay active in our country in the future.

Along with the representatives of the CBBH, the meeting was attended by the representatives of the Banking Agencies of the Federation of Bosnia and Herzegovina and Republika Srpska and the Deposit Insurance Agency of Bosnia and Herzegovina.

## THE CBBH GOVERNOR MET WITH THE IMF DELEGATION



On 7 March 2017, in Sarajevo, Governor of the Central Bank of Bosnia and Herzegovina (CBBH) Senad Softić. Ph.D. and his associates met with the Delegation of the International Monetary Fund (IMF), led by the IMF Mission Chief for BH, Mr. Nadeem Ilahi.

During the meeting, they discussed the follow-up on the progress of fulfilling the conditions and previous measures for the completion of the first review related to the Extended Fund Facility between BH and the IMF.

Governor Softić informed the IMF representatives about the undertaken activities and the status of the implementation of the measures from the Letter of Intent, which are related to the CBBH, including the preparation of a comprehensive Memorandum of Understanding in the area of financial stability.



## GOVERNOR SOFTIĆ SIGNED INTERBANK AGREEMENT ON PAYMENT OF THE CLEARING DEBT



On behalf of the Central Bank of Bosnia and Herzegovina, being Bosnia and Herzegovina's banking and fiscal agent, Governor of the Central Bank of Bosnia and Herzegovina, Senad Softić, Ph.D. signed an interbank agreement with representatives of the Russia State Bank for Development and Foreign Economic Affairs (Vnesheconombank), in Moscow, on 21 March 2017.

This Agreement defined the calculation and repayment of the debt according to the Agreement between the Government of the Russian Federation and the Council of Ministers of Bosnia and Herzegovina on the settlement of the former

USSR liabilities related to the exchange of goods between the former USSR and the former SFRY.

By signing this interbank agreement, the technical preconditions for the payment of clearing debt of the former USSR to Bosnia and Herzegovina have been created, and its signing was preceded by the signing of an Interstate Agreement by Deputy Chairman of the BH Council of Ministers and BH Minister of Finance and Treasury, Mr. Vjekoslav Bevanda and the Russian Federation Deputy Minister of Finance, Mr. Sergey Anatolyevich Storchak.

According to the terms specified in the Agreement, within 45 days after the ratification of the Agreement between the Russian Federation and the Council of Ministers of BH, and upon receipt of funds from the Ministry of Finance of the Russian Federation, Vnesheconombank will pay the amount of USD 125,157,834.38 in the account of the BH Ministry of Finance and Treasury with the Central Bank of Bosnia and Herzegovina.

The funds will be further allocated for the needs of institutions of Bosnia and Herzegovina, Entities and Brčko District in accordance with the proportion agreed in the Interstate Agreement.

## THE PREPARATION OF THE CBBH INTEGRITY PLAN STARTS

In accordance with the Anti-Corruption Strategy of Bosnia and Herzegovina, adopted by the Parliamentary Assembly of Bosnia and Herzegovina in order to implement specific measures from the Action Plan for the implementation of the Anti-Corruption Strategy, the Law on the Agency for the Prevention of Corruption and Coordination of the Fight against Corruption, the Agency for the Prevention of Corruption and Coordination of the Fight against Corruption adopted the Guidelines for the preparation and implementation of the integrity plan. Pursuant to these guidelines, public institutions at all the levels of government in BH are obliged to create and adopt an integrity plan.

In doing so, the Central Bank of Bosnia and Herzegovina (CBBH) adopted the relevant decisions for establishing the Expert Team for the preparation of the CBBH integrity plan, and according to the relevant decisions, the expert team was given the specific competencies in the execution of this task. With regard to that, the CBBH adopted the CBBH Anti-Corruption Plan, as another condition for the creation of the CBBH Integrity Plan.

In the light of the given competencies from the mentioned decisions, a contact was made with the Agency for the Prevention of Corruption and Coordination of the Fight against Corruption (APIK) regarding the organization of the adequate education during which it would be explained how to develop the integrity plan for the CBBH. In this regard, on 4 April 2017, representatives of APIK held training for the members of the Expert Team and managers in the CBBH.

## THE EMPLOYEES' TRAINING ON THE IMPLEMENTATION OF THE ISO QUALITY STANDARDS IS HELD

Within the SPI GIZ program, the Central Bank of Bosnia and Herzegovina participates in the subject area entitled "Quality Management System in Order to Improve and Establish a Process-Oriented Quality Management System". The system will be implemented in all locations of the CBBH - in the Head Office of the Central Bank in Sarajevo, the Main Unit Sarajevo, the Main Unit Mostar, the Central Bank of the Republika Srpska of the Central Bank of Bosnia and Herzegovina Banja Luka, Branche of the Central Bank of Bosnia and Herzegovina in Brčko and Branche of the Central Bank of Bosnia and Herzegovina in Pale.

As part of the project implementation, an intensive training of employees to implement the ISO quality standards was organized at the beginning of April. The course for quality management representatives took eight working days, divided into two training cycles for four days. The training was held by the consulting firm TÜVadria Ltd. contracted by GIZ. Training provides all the necessary knowledge for ISO 9001 and its associated certificate.



## VISITS OF HIGH SCHOOL PUPILS FROM ŠIROKI BRIJEG AND MAGLAJ AND STUDENTS FROM SARAJEVO TO THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA



The pupils of the final grades of the Vocational Secondary School from Široki Brijeg and pupils from the Combined Secondary School from Maglaj visited the Central Bank of Bosnia and Herzegovina on 31 March and 7 April 2017. Besides having classes and lectures, professors of these schools are trying to educate pupils, as far as possible, out of school, by organizing various fairs, training, visits to organizations and institutions. Within this type of education, the pupils expressed their wish to visit the CBBH, where the presentations were held by professor Enver Backović, Ph. D. Economic Analyst - Expert in the Office of the Chief

Economist of the CBBH. The pupils were informed on the short history of the institution, basic tasks, the organizational structure of the CBBH, and the CBBH activities in the field of cooperation with educational institutions. Also, on 21 April 2017, the CBBH was visited by the students of the Association of Students of the Law Faculty in Sarajevo. All of them visited the currency exhibition in the hall of the CBBH building, where the employees of the Cash Management Department of the Head Office of the CBBH informed them about the history of the BH currency.

Within the visit to Bosnia and Herzegovina, a group of 30 students of Yale School of Management (SOM) visited the CBBH. It is a well-known international business school. One of the aims of the visit to Bosnia and Herzegovina is to present different perspectives to students – from the political top, through local and foreign companies, to non-government organizations. Having in mind the importance of the CBBH for the economy of Bosnia and Herzegovina, students of this prestigious US university expressed their wish to find out more about the institution and its work, and the CBBH Vice Governor Ernadina Bajrović M.A. and professor Enver Backović Ph.D., Economic Analyst – Expert in the Office of the Chief Economist of the CBBH informed them on that. The CBBH is very satisfied with the fact that not only the pupils and students from Bosnia and Herzegovina, but also students from universities in foreign countries are interested in the work of this institution.

