

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ

INFO

СВБН

INFO • Central Bank of Bosnia and Herzegovina

January - February

2019

Central Bank of Bosnia and Herzegovina

CBBH Info January – February 2019 prepared by:
Public Relations Section, Library and Publications
Section, and Protocol and Translation Section

Maršal Tito Street 25, 71000 Sarajevo

Web page: <http://www.cbbh.ba>;

E-mail: pr@cbbh.ba;

Contact phone: (033) 278 123

THE CBBH TASKS IN 2019

The implementation of the currency board and the preservation of financial stability are priorities

The Central Bank of Bosnia and Herzegovina (CBBH) will continue to implement the selected monetary policy model defined by the Constitution and the Law on the Central Bank of Bosnia and Herzegovina. The currency board arrangement is seen as one of the cornerstones of macroeconomic stability in Bosnia and Herzegovina at the moment. In order to preserve financial stability in the country, the CBBH will strengthen cooperation and exchange of information with the Banking Agencies and other members of the Standing Committee on Financial Stability (SOFS) in the area of financial stability. The improvement of the capacities for more efficient management of foreign exchange reserves in the persisting unfavorable conditions in the financial markets will be continued, taking care primarily of security. In 2019, the CBBH will continue the started activities of



upgrading the payment and clearing systems, as well as the Single Registry of Accounts for Natural Persons and the Central Credit Registry. The CBBH will continue to harmonize statistics with international standards in the forthcoming period, which will make a significant contribution to the fulfillment of the country's obligations regarding statistical reporting in the EU integration process. It will also remain a strong supporter of structural reforms in the country aimed at stimulating economic growth, fiscal sustainability, maintaining financial stability etc. Finally, the CBBH expects that its contribution to a better understanding of the country's macroeconomic trends and the expected effects of alignment with the EU acquis on economic activity will grow in the future, as it is a process that all member central banks have gone through.

ESTIMATES

BH economic growth at the level of previous years

The Central Bank of Bosnia and Herzegovina (CBBH) expects economic growth in 2019 to be at the level recorded in previous years. The CBBH Governor Senad Softić Ph.D., believes that in 2018, but also in earlier years, preconditions were created for the growth of economic activity in 2019. "In the past several years, GDP has been around 3%, which is a positive indicator, and this year I expect it to be at the level recorded in previous years. The World Bank predicts a 3.4% economic growth this year for Bosnia and Herzegovina. It should be noted, however, that for a country that can be characterized as an emerging market, aspiring to join the European Union, which also implies economic convergence, a 3% growth in economic activity is not so impressive as to result in a significant improvement in living standard. We need higher economic growth rates to be able to expect faster convergence in living standard towards the level of the European Union, but also those of the countries in the region," Governor Softić said at the beginning of 2019.

BANKING SECTOR IN BH

Stability of the banking sector at a satisfactory level

Based on financial soundness indicators, the stability of the banking sector in Bosnia and Herzegovina can be estimated as satisfactory. Financial soundness indicators show that the banking sector remains adequately capitalized, liquid and profitable, and that credit risk, which was a key factor jeopardizing the stability of BH banking sector in previous years, has decreased. Non-performing loans and their share in the total loans have been continuously declining for the past two years. The recovery of economic activity and the strengthening of lending, which is evident both in the private non-financial corporations and household sectors, had a positive effect on the quality of the loan portfolio. Capital and liquidity positions were strengthened and deposit growth continued. According to the Governor of the Central Bank of Bosnia and Herzegovina (CBBH), Senad Softić, Ph.D., in the coming period, it will be necessary for relevant institutions to continue to work on the implementation of new legislation and regulations in the banking sector and



on further alignment of the regulatory framework with the EU directives and international standards. In order to further harmonize the legal framework for bank operations, the adoption of the new Law on Deposit Insurance in banks in Bosnia and Herzegovina is particularly important. It will also be necessary to continue to take measures and activities to preserve and strengthen the banking sector stability and protect depositors, inter alia by enhancing interinstitutional cooperation and exchanging information of participants in the “financial security network” in the area of financial stability. “It is particularly important to emphasize that the coordinated action of all relevant institutions, the judiciary, the legislative and the executive authorities, to create a more favorable overall economic environment through continued reforms in the public and private sectors is crucial, which should contribute to further reducing the existing level of non-performing assets in banks, but also to more efficient resolution of non-performing claims in the future,” Governor Softić said, assessing the situation in the banking sector in Bosnia and Herzegovina.

IMPROVEMENTS

The CBBH upgraded the statistics on foreign direct investments

Through its statistical research, the Central Bank of Bosnia and Herzegovina (CBBH) has enabled a more detailed presentation of the foreign direct investment (FDI) positions. Through a new cross-table survey, users have simultaneous insight into the amounts of investments by countries and areas of activity. Based on such presentation, it is possible to analyze the structure of investments for each of the countries which foreign direct investments come from, as well as, the geographical origin of investments for each of the areas of activity. In this way, the available statistical basis for the presentation and analysis of BH investment potential is enriched. FDI statistics compiled in this way is available for the period 2014-2017 on the CBBH website statistical portal. The analysis of investments from three countries with the largest amounts of investment in BH at the end of 2017, indicates the following: in investments from Austria, the largest share of 60.4% relates to financial activities and insurance activities, 25.7% to manufacturing industry, and 5.4% to real estate business. At the same time, from Croatia, as the second largest investor in BH, the investments in financial activities and insurance activities account for 46.4%, those in manufacturing industry account for 19.6%, and those in trade sector 15.4%. Investments from Serbia are dominant in the area of information and communication (70.0% of total investments), 11.3% in trade and 7.4% in manufacturing industry.



PROJECTS

Strengthening of the CBBH capacities continued with the support of the Swiss Government



On February 13, 2019, the Agreement on the Continuation of the Bilateral Assistance and Capacity Development for Central Banks (BCC) Programme has been signed in the Central Bank of Bosnia and Herzegovina (CBBH). The Programme will be implemented with the support of the Swiss Secretariat for Economic Affairs (SECO) of the Swiss Government. The Agreement was signed by the Ambassador of Switzerland in Bosnia and Herzegovina, H.E., Ms. Andrea Rauber Saxer and the Governor of the CBBH Senad Softić, Ph.D. After successfully completing the first phase of the Programme in the period from 2014 to 2017, the signing of the Agreement marked the beginning of the second phase, meaning the continuation of the Programme until 2022. The needs analysis of the CBBH was conducted in the preparation of the second phase, during 2018, and the following priority areas were identified, where the strengthening and adjustment of the CBBH to the international and EU standards will be provided, through upgrading of professional capacities: the analysis and implementation of monetary policy (foreign reserves management and research capacity), macroeconomic accounting and statistics (data warehouse and times series methodologies), human resources management, improvement of business continuity plans, especially in terms of IT system. The Programme will be implemented by the Graduate Institute of International Studies – GII, Geneva.

IMPLEMENTATION OF THE BY-LAW

Evaluation of the work performance of the CBBH employees

According to the By-law on evaluation of the Central Bank of Bosnia and Herzegovina (CBBH) employees' work performance, in the period from 01 January to 31 January 2019, the evaluators were obliged to perform the evaluation of the work performance of employees during 2018 and set goals for 2019. The evaluation of the employees' work performance is performed in order to monitor and evaluate the timely, proper, legal and professional performance of the duties of the work position to which the employee is assigned and the defined work goals arising from the work plan of the organizational unit or organizational form where the employee is assigned for the specific evaluation

period. During the process of evaluation of the CBBH employees' work performance, there is also an obligation to monitor the competencies of the employees shown in his / her work, which are determined by the regulation on the systematization of work posts in the CBBH for the specific category of work post which the employee is assigned to. In this regard, an evaluation workshop was held in January, during which, among other things, it was emphasized that evaluation should be viewed as a positive process and should be accepted as such by all participants in the process, which should ensure that the activities and results of employees are in line with the goals of the organization.

INFO
CBBH



www.cbbh.ba



Centralna Banka Bosne i Hercegovine/
Central Bank of Bosnia and Herzegovina



@CBBiH

The background is a vibrant yellow with a diagonal line running from the top-left to the bottom-right. Several large, semi-transparent yellow stars are scattered across the page, some overlapping the diagonal line. A dark blue horizontal band is positioned in the lower-middle section of the page.

CBBH

January - February