

# The tenth project management meeting for reducing cash transactions in Kosovo

Project Management Group within the National Payments Council (NPC)

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22<sup>nd</sup> of February, 2013

# Agenda

1. Approval of minutes from the last meeting (November 23<sup>rd</sup> 2012);
2. National Processing Center - next steps ;
3. Funding the project management team for cash transactions reducing;
4. Feedback from meetings with public utility companies;
5. Pillar III sub working group proposals;
6. Visa and MasterCard assistance for Cash Reducing in Kosovo;

# 1. Approval of minutes from the last meeting (November 23<sup>rd</sup> 2012)

- Encouraging the use of electronic payment transactions among other forms discussed previously with discount of fees for non-cash payments.  
**CBK has decreased fees for services for electronic payment in EICS (50-80%) effective from February 1<sup>st</sup>,2013**
- To analyze the possibility of reducing fees for Kos-Giro payments (for all types, cash and non-cash, the agreement is still valid regarding the increased number), but more especially and immediately to analyze the reduction of fees for Giro payments which are processed through bank accounts, e-banking or ATM terminals etc. Through KBA to provide a response within two weeks. **Several banks (3) have sent comments**
- On the possibility of implementation of National Interbank Card Switch proposed by MasterCard, banks to submit their comments in writing within two weeks, directly or through KBA. **Several banks (3) have sent comments**
- Banks to submit their responses regarding the proposal that each bank (including CBK) to contribute with 2000 Euro in the development of educational campaigns for the use of transactions through accounts, electronic accounts (within two weeks). **Several banks (3) have sent comments , others in different form( verbally, etc)**

## 2.National Processing Center - next steps

- Pillar III of the NPSDS ([http://www.bqk-kos.org/repository/docs/SistemilPagesave/Vizioni\\_i\\_se\\_ardhmes\\_se\\_sistemit\\_kombetar\\_te\\_pagesave.pdf](http://www.bqk-kos.org/repository/docs/SistemilPagesave/Vizioni_i_se_ardhmes_se_sistemit_kombetar_te_pagesave.pdf))
- According to the World Bank report for PSD “Kosovo Financial sector strengthening market infrastructure project” October, 2012 and requested assistance for Payment System Oversight , Remittances and main point for “**Interbank Card Switch**”

**Step I. Financial Analysis** (working group coordinated by PSD/CBK)

**Step II. Review of the analyses, estimates, and the concrete proposal (plan)** (CBK, Commercial Banks, other relevant institution in and outside , i. e WB, IMF , etc

**Step III. Development of the Project it**

**Step IV. Procurement and implementation**

# 3.Funding the project management team for cash transactions reducing

- Each participant to the payment system to contribute with at least 2000 euro, including CBK , to support development of awareness campaign for use of electronic payments.
- Financial support by VISA, *“Visa has promised the budget of US\$ 10,000 to be used next year. ..to invest the funds in developing a local web site by local resources and also Visa can help with providing the content”*

# 4. Feedback from meetings with public utility companies;

## Kos-GIRO and dhe Direct Debit Scheme

- **Kos-GIRO** - version **V. 1.5** in black and white ,of the invoice, was added to facilitate participation of smaller companies in this scheme. (<http://www.bqk-kos.org/repository/docs/SistemilPagesave/Mostra%20e%20KOS%20GIRO.zip>)
- **Direct Debit** -Adjustments to the regulatory and technical side of the scheme to enable authorization signature at the debtor bank
  - This adjustments have been accepted from all participants except **KEK** , and for this company (largest participant in DD) three possible additional options offered and implementable according to regulation. Commercial bank company cooperation required for implementation of any version agreed by bank and the company
    1. Exchange of hard copy of the authorization Client Bank -Company , Company –Client Bank
    2. Use of web services published by companies
    3. Creation of additional messages in DD scheme with purpose of exchange of the information for authorization

# 5. Pillar III sub working group proposals(1)

## Conclusions of the group for Processing Center – analysis and estimates:

- Interbank transfers fees by Visa & MasterCard through “Domestic Net Settlement Service” are not high.
- Commercial banks are operating through their (various) processing centers and do not find reasonable to abandon them and operate through joint National Hub.
- It is not seen in the interest:
  - Use of the national card without Visa or MasterCard brand , that could operate only on the national level
  - Largimi i infrastrukturës ekzistuese të terminaleve (ATM dhe POS) dhe krijim i një infrastrukture të përbashkëta për të operuar me kartela.
  - Removal of the existing terminal infrastructure (ATM and POS) and establishing a common infrastructure to operate the card.
  - Removal from international payment systems VISA and MasterCard.
- Implementation of a National Processing Center for card transactions will have additional cost burden compare to existing.

# 5. Pillar III sub working group proposals

## Conclusions of the group for Processing Center – proposal and next steps

- **In this stage deemed reasonable to create a system that would enable the settlement of interbank transactions in CBK (Settlement Agent):**
  - Funds for settlement would be maintained at CBK, and not in foreign banks (VISA- Bank of America, MasterCard – Deutsche Bank).
  - No need for change to existing functioning scheme for authorization and clearing of transactions.
  - Visa and MasterCard offering such a possibility and similar schemes are implemented in countries in region (Albania, Macedonia)
  - If acceptable, group can begin to prepare technical details on ways to implement this system.

## Recommendations for fees in order to increase the use of terminals (ATM, POS):

- Banks to analyze possibilities of lowering tariffs for their clients (individuals and merchants) for interbank transfers through ATM and POS
- Të diskutohet me Qendrat Procesuese Ndërkombëtare çmimet për licencat për operim, produktet, ngarkesat për mirëmbajtje të produkteve, etje To discuss with International Processing Centers prices list for operating licenses, products, product maintenance charges, etc
- To consider possibilities of fewer possible banks membership as “Principal Member” in International Processing Centers
- Price list for “Interchange Fee” applicable by VISA&MC in Kosovo to be negotiated between banks and confirmed by VISA&MC



# 6. Visa and MasterCard assistance for Cash Reducing in Kosovo;

Offer and possibilities of VISA and MasterCard were discussed in previous meetings  
Pillar III subgroup

Participant's opinion on the opportunities and support areas (how, what,?? )

# Thank you

<http://www.bqk-kos.org/?cid=1,59,55>