

REDUCING CASH TRANSACTIONS IN KOSOVO

TERMS OF REFERENCE

I - Project Objectives

1. To prepare a code of conduct and possibly proposals for legislation for actions and measures to be undertaken by the banks, the business community and private individuals for reducing the volume of cash transactions.
2. To build consensus among banks in order to sign and implement the code of conduct and possible legislation.

II - Project Development

The project management group will act based on the mandate received from the National Payments Council to undertake initiatives to further reduce the volumes of cash transactions within the banking system.

The project management group will work to build consensus among the Kosovo banks for a code of conduct and possible legislation that will lead to the reduction of cash transactions volumes. The main purpose of these agreements will be:-

- a. the reduction of cash transactions by creating disincentives for cash use for all interested parties – banks, businesses and individuals;
- b. the increase of non-cash transactions by creating processes and infrastructures that incentivise all interested parties to use alternatives to cash.

III- Proposed Phases Of The Project

1. Agreement of Terms of Reference and creation of Project Team
2. Understanding the current situation and the regulatory framework.
3. Comparison with best practice and gap analysis.
4. Setting and agreeing project scope and objectives
5. Proposed changes and recommended code of conduct or possible legislation
6. Cost / Benefit analysis
7. Policy document for consultation and agreement
8. Implementation of agreed proposals

IV – Establishing The Project Scope

The scope and size of the project will be prepared based on the outcomes of the following actions:

1. A survey and analysis of the current situation including cash and non cash transaction volumes, transaction types, pricing, processes, regulations etc
2. An analysis of the banks' costs generated by the processes of handling, depositing, securing and transporting cash.
3. An analysis of the costs and potential benefits for the large institutions that generate and receive payments – for example KEK, the water companies and the telecoms industry.
4. Research of international experience and best practice.
5. A clear understanding of the gap analysis – where we are and where we want to get to – and agreement of the objectives and key performance indicators with the National Payments Council.